

PAPER MONEY

OFFICIAL JOURNAL OF THE SOCIETY OF PAPER MONEY COLLECTORS

VOL. XLVIII, No. 2, WHOLE No. 260

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MARCH/APRIL 2009



Local currency
Printing your own cash . . .
the BerkShares experience

Photo by Jason Houston



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FRED L. REED III, Editor, P.O. Box 793941, Dallas, TX 75379

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Society of Paper Money Collectors



The Society of Paper Money Collectors was organized in 1961 and incorporated in 1964 as a non-profit organization under the laws of the District of Columbia. It is affiliated with the ANA. The annual SPMC

meeting is held in June at the Memphis International Paper Money Show. Up-to-date information about the SPMC, including its bylaws and activities can be found on its web site www.spmc.org. SPMC does not endorse any company, dealer, or auction house.

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Local Currencies typically sprout in hard times
**BerkShares experiment
now in third year**

by Fred Reed

Photography by Jason Houston

READERS OF PAPER MONEY ARE IN THE proverbial “catbird’s seat” watching a tide of locally-issued currencies spreading across the recession-ravaged U.S. economy.

According to the news magazines, local note issues have sprung up in response to an economic malaise once again.

As collectors know, previous economic downturns also brought forth emergency currencies, including: (1) the Hard Times Era of the late 1830s; (2) the Civil War inflationary period beginning in 1862; (3) the financial panics of the early 1870s and 1890s; and of course (4) the Great Depression of the 1930s. In

Above: Illustrator and etcher Michael McCurdy, Great Barrington, designed the BerkShare logo above. McCurdy attended the Museum of Fine Arts in Boston and is renowned for his works in black and white. His illustrations, engravings and etchings have appeared in more than 200 books. He has taught at the Museum of Fine Arts in Boston. His scratchboard drawing “Great Barrington” was produced in 1999. Below: a happy recipient of one of the first BerkShares and a lollipop.





Hundreds of local merchants have signed up to accept the local currency BerkShares. In two years more than \$2 million has been put into circulation, equivalent to a per capita of about \$15/person in Berkshire County, MA.

each of these eras, private, corporate and municipal paper money issues supplanted bank notes and federal currency issues to some extent.

The impetus this time mirrors those earlier periods. Local communities are circulating home-grown cash to boost local markets and commerce. According to the publication *Newsweek*, these currencies can keep an “area economy humming whatever the health of the country at large.” “We can create our own value,” explains a community organizer for one of these new local currencies.

Merchants agree to accept these currencies in exchange, thus keeping local money circulating in the community. Notes typically depict local landmarks or personalities, and employ many of the same security features as Uncle Sam’s greenbacks.

One of the most robust of the new breed of notes are the BerkShares launched in 2006 in Berkshire County, MA. An artist-designed currency, the notes are convertible to U.S. currency. Reportedly more than \$2 million has been exchanged for Federal Reserve Notes in the past two years. Notes are converted at the area’s five local banks. About one-tenth that amount is in current circulation in the area.

“You can get a divorce, plan a funeral and go to just about any restaurant in town,” reports Susan Witt, the co-founder of the non-profit organization, the E.F. Schumacher Society, behind the currency issue. The society was named after the author of *Small is Beautiful: Economics as if People Mattered*.

According to the *New York Times*, BerkShares are a “great

economic experiment.” The educational E.F. Schumacher Society was founded in 1980 to promote human-scale communities and respect for the natural environment. “Building on a rich tradition often known as decentralism, the Society initiates practical measures that lead to community revitalization and further the transition toward an economically and ecologically sustainable society,” according to the society’s website.

In June 2004, the group hosted a conference on “Local Currencies in the 21st Century.” Keynote speaker was Margrit Kennedy. “Money can be made to serve rather than to rule, to be use-oriented -- rather than profit-oriented--and to create abundance, stability, and sustainability,” she said. While “money is one of the most ingenious inventions of mankind,” it has “the potential to be the most destructive or most creative,” she added.

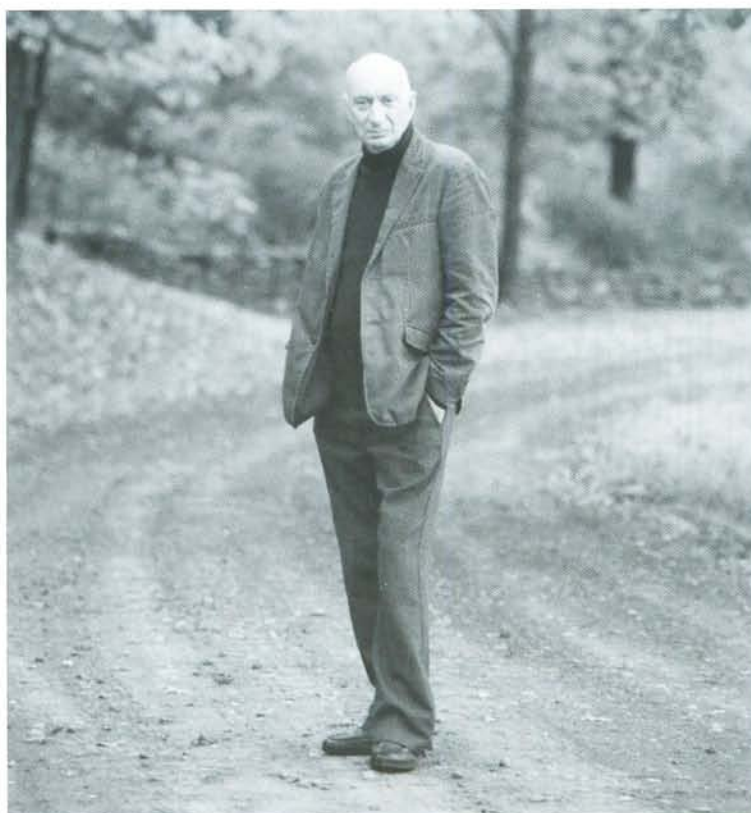
“The BerkShares program seeks to foster collaboration among producers, retail businesses, non-profit organizations, service providers and consumers,” according to organizers. “It is an attempt to strengthen the local economy . . . [and] increase public awareness of the importance . . . of gaining local economic self-sufficiency.”

It is not known how many similar local currencies exist, but advocates claim the number approaches one hundred communities. Other issues have sprung up in Ithaca, NY, which utilized a labor-hours denominated barter exchange system since 1991, and other cities from Berkeley, CA to Atlanta, GA, to Brooklyn, NY, to Kettle Falls, WA and parts in between. Typically both currencies circulate concurrently in their localized regions.

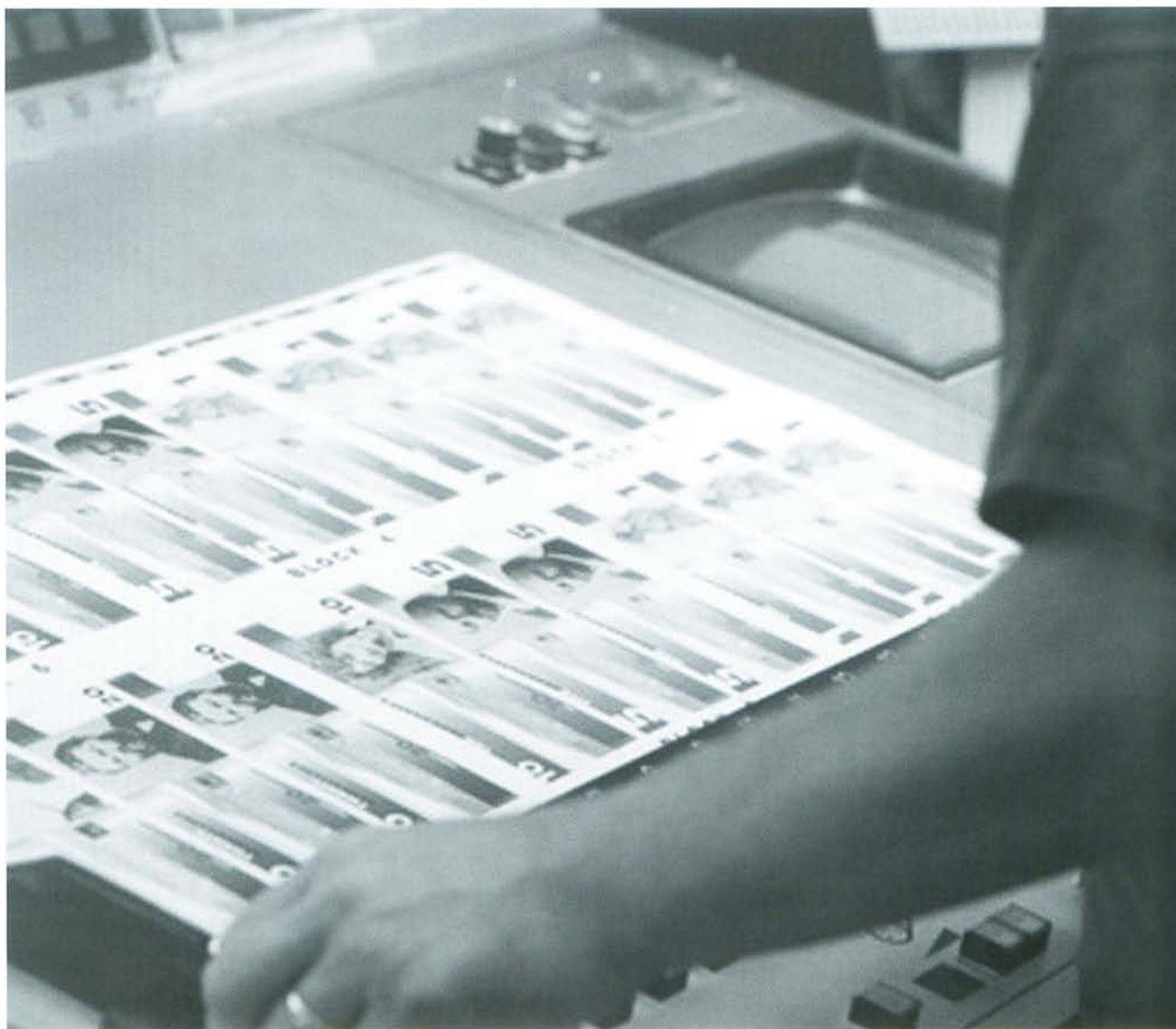
BerkShares were launched September 29, 2006. BerkShares designer was John Isaacs. Individual notes were the work of local artists. The notes are printed by Excelsior Printing Co. on security paper supplied by



BerkShares advocate Susan Witt.



BerkShares designer John Isaacs.

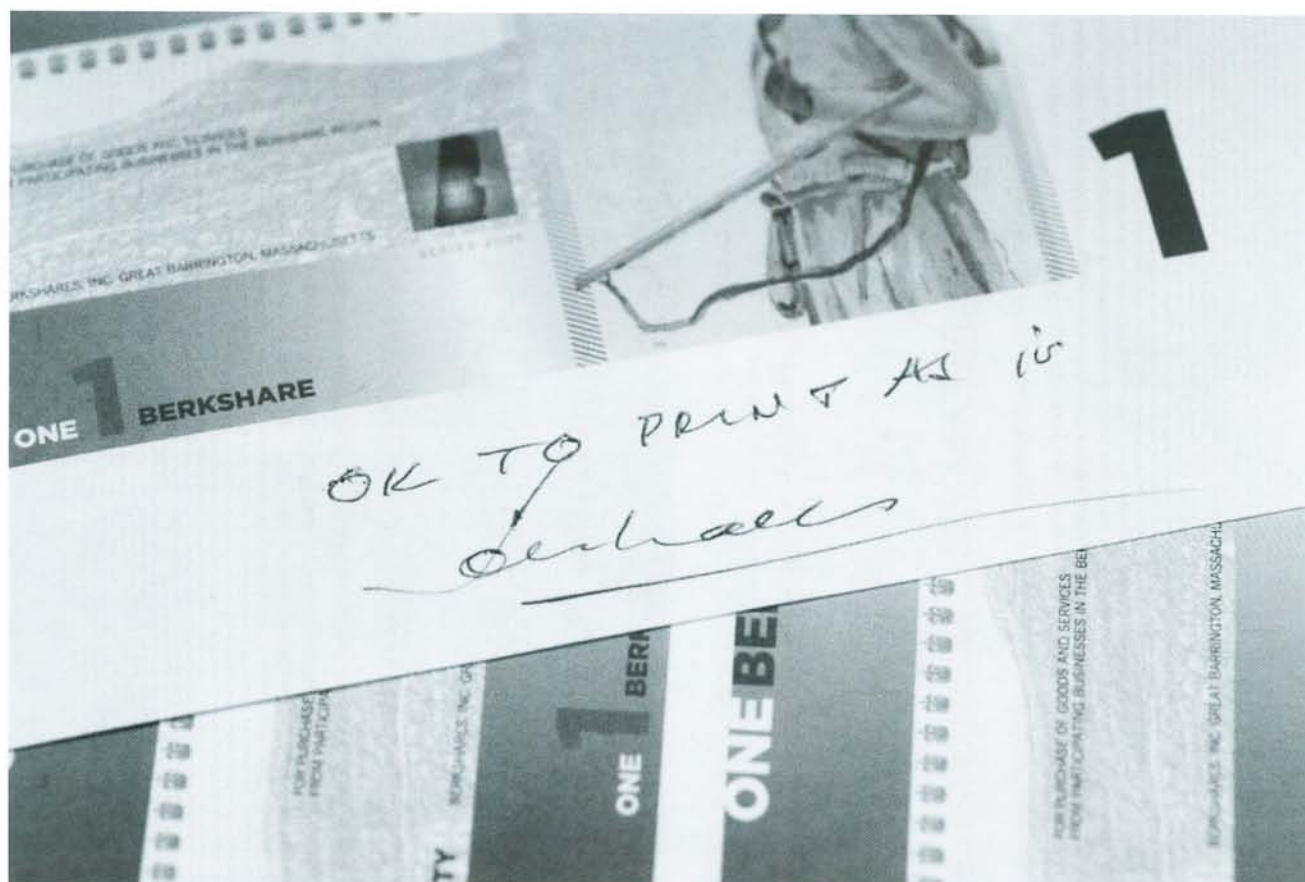


Above and opposite top: color press check at Excelsior Printing Co., which printed the BerkShares on security paper supplied by Crane & Co.

Crane & Co. Thus far more than 350 local businesses have agreed to accept BerkShares.

The program is entirely voluntary. Residents put the notes into circulation by buying quantities at a 10 percent discount, and spending them at face value with merchants signing up for the program. Merchants then pay out the notes in change, purchase supplies from willing venders, pay salaries, or may redeem notes at the local banks for 90-cents on the dollar. Thus, the ten percent discount is part of the exchange rate to get notes into circulation, not a profit to any organization.

"The project seeks to assure that a high percentage of each dollar spent will remain circulating in the community . . . [and] that new businesses sprouting from the resulting local generation of wealth will replace imported goods with locally produced items," organizers contend. A providential byproduct, organizers contend, is a lessened reliance on carbon-producing vehicles to ship outside goods into the community.



Banks participating include BerkShire Bank (five branches in Great Barrington, Stockbridge, and West Stockbridge), Lee Bank (three branches at Great Barrington, Lee, and Stockbridge), Lenox National Bank in Lenox, Pittsfield Coop Bank in Great Barrington, and Salisbury Bank (Egremont and Sheffield branches).

This was a first for designer John Isaacs. "I've never designed money before," he noted. "Basically I design art books and catalogues for a living, which is one of the most interesting and rewarding niches in the graphics profession."

"However, I think my experience in that field stood me in good stead for this particular project, because, like designing an art book, it was essentially an exercise in building resonance and elegance from furnished images and text, typography and color."

BerkShares promoters are demonstrably proud of their new "baby," a press sheet of new BerkShares notes.





Fresh out of the box. The first shipment of the new notes arrive, are examined, sorted, and counted.



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Photo Courtesy of Austin Jr. & Amanda Sheheen

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Bart Elsbach's painting "Reflected Connections" appears on the back of the 1 BerkShare note. The face commemorates the local Mohican tribe.

BerkShares Inc. chose the artist's images. Isaacs called each one beautiful. "The selection was sufficiently variegated to ensure a distinct look for each denomination, and yet had a consistency of tone and character that provide the opportunity for design continuity throughout the series," he added.

His parameters included: (1) notes to be sized differently from federal currency; (2) resistant to counterfeiting; (3) that notes be printed on Crane & Co. security paper by Excelsior Printing Co.; and (4) "that they have the feel of real currency yet at the same time be fun and appealing to use."

The graphic designer welcomed his task, calling U.S. paper money "among the most conservative and least imaginative in the world." His research included the Euro and its clear modern typography. Eschewing European fonts such as Helvetica, Univers and Frutiger, he selected the Gotham family of fonts. "While I was determined to avoid the aesthetics of federal currency, I didn't want to make BerkShares feel to foreign either," Isaacs said. "So the BerkShares concept does to a considerable extent bring together many of the basic elements found on dollar bills.

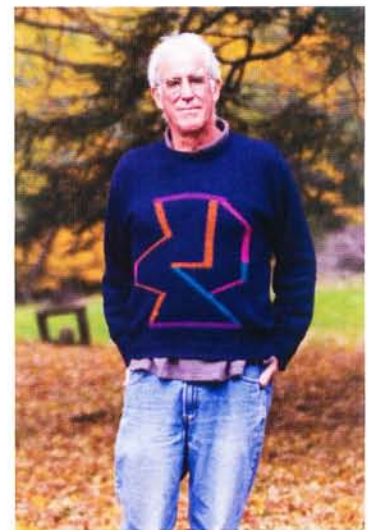
Isaacs described his process: "So the BerkShares concept does to a considerable extent bring together many of the basic ele-



ments found on dollar bills. I first laid these out in the ‘five BerkShares’ denomination: on the front, blocks of graded color behind the portrait and around the background image, simple diagonal hatching with complex color shades, a mix of reversed and colored type, and a variety of emblems and messages; and on the back a broad landscape, on which I superimposed a faint inverse of the front portrait. Finally, I embellished the design with lines of miniature motifs that resonated with each portrait.”

The lowest denomination depicts a Mohican Native American. The Mohicans were an Algonquian tribe of the Hudson River valley that hunted game in the Berkshires. Designer Isaacs called the single BerkShares bill a “challenge, because the portrait wasn’t a photographic reproduction like the other denominations. Thus it is the only one of the series printed in color. He calls the back design a work of “great atmosphere.”

Sheffield landscape artist Bart Elsbach’s painting is on the back of the 1 BerkShare note. Born in 1961, Elsbach attended the Arts Students’ League in New York City, and was graduated from Hamilton College and New York University. He has taught privately and at several academies. Elsbach’s work typically is softly textured and delicately detailed. He finds the Berkshires a constant



Morgan Bulkeley’s painting “Bash Bish Gap” appears on the back of the 5 BerkShares note. It’s face depicts historian and social reformer W.E.B. DuBois.



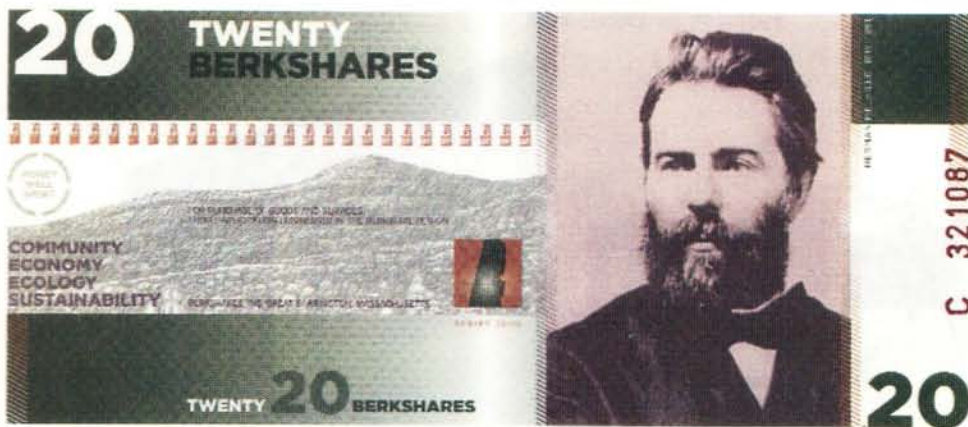
Janet Rickus painting "Turnips on Table" appears on the back of the 10 BerkShares note. Its face portrays Robyn Van En.

source of inspiration. "Only when we realize we are a part of Nature can Nature teach us," he affirms. His design for the back of the 1 BerkShare note is based on his 1999 oil canvas "Reflected Connections," a dramatic interplay of light and dark.

On the 5 BerkShares, Dr. William Edward Burghardt DuBois is depicted. The historian and social reformer was born in Great Barrington in 1868. For the five denomination, Isaacs chose "an antique graphic of a beehive, which I felt was relevant to DuBois's social achievements," he said.

Mount Washington sculptor and painter Morgan Bulkeley's work is depicted on the 5 BerkShares note. Born in 1944, he grew up in the area and received a literature degree from Yale University. Bulkeley's work frequently portrays the collision of culture with nature. For years he chaired the Mount Washington Arts Council. His 5 BerkShares back design presents his large oil painting "Bash Bish Gap," 1976. The painting illustrates humans intruding on the natural environment.

The tenspot portrays local celebrity Robyn Van En, founder of Indian Life Farm in South Egremont. A proponent of small-scale economically and environmentally sustainable agriculture, Van En was in the forefront of the "community supported agriculture"



movement in the United States prior to her death in 1997. "The ten was a no-brainer," Isaacs reports, "Robin Van En, turnips, and a wheat sheaf motif."

West Springfield still life artist Janet Rickus' painting graces the 10 BerkShares note back. Born in 1949, she graduated from Central Connecticut State University. She is attracted to the shape and stability of her subject matter, the artist said. Selection and arrangement belie the elegantly simplicity of her work. Her 10 BerkShares reverse design depicts her oil painting "Turnips on Table," painted in 1996.

The twenty note shows novelist Herman Melville, who wrote his masterpiece *Moby Dick* in Pittsfield. Melville could view Mount Greylock from his study window, and the mountain is said to have been inspiration for the white whale of the novel. Isaacs calls the double sawbuck his favorite. "To me, Melville's the perfect subject, and the image on the reverse has excellent graphic dynamics. Here the motif is a well . . . of knowledge, we assume."

Geometric artist Warner Friedman, of Great Barrington, designed the 20 BerkShares note. Born in 1935, he received an engineering degree at Clarkson College and then an art education at Cooper Union. Friedman's work combines his fascination with



Warner Friedman's painting "June" graces the back of the 20 BerkShares note, which depicts novelist Herman Melville on face.



Joan Griswold's painting "Green Shopfront" appears on the back of the 50 BerkShares note. It's face shows illustrator Norman Rockwell.

mathematic precision and an unconventional depiction of natural landscape. The design of the 20 BerkShares note back is based on Friedman's large acrylic painting "June," undertaken in 1999.

Norman Rockwell appears on the largest denomination, the 50 BerkShares. Rockwell was one of the most popular American illustrators of the last century, creating more than 4,000 works, including 321 covers for *Saturday Evening Post*. He spent his last quarter century in Stockbridge, where his museum is now located.

Great Barrington painter Joan Griswold's work is depicted on the back of the 50 BerkShares note. Born in 1954, Ms. Griswold studied at Beloit College and Paris, France. Her work typically features richly colored domestic scenes, what she calls "portraits without people." She conducts weekly art classes in her community, and serves on various art-oriented boards. Griswold's 50 Berkshares back shows her large oil work "Green Shopfront," which she painted in 1998. ❖

Opposite top: A consumer purchases BerkShares at his local bank for 90-cents on the dollar.

Opposite bottom: A coffee shop purchase utilizing BerkShares.



Cora B. Clark, National Bank President

By Karl Sanford Kabelac

CORA BELL CLARK WAS BORN IN UTICA, OHIO, ON August 18, 1866. Her parents ran a hotel in Utica, which is in central Ohio, about 35 miles east of Columbus. It had a population of 826 in 1900.

Miss Clark in 1911, the year she became president of the bank.

Cora's older sister, Mary, married Abel J. Wilson, a local banker. When still a teenager, Cora began to work in Wilson's Bank, and by the time she was in her twenties was the cashier of the bank.

Early in 1905 the bank became a national bank, the First National Bank of Utica (charter #7596). Abel was the president and Cora, his sister-in-law, the cashier. With Abel's death in December 1910, Cora became the bank's president early the next year. The local paper noted "Miss Clark has the distinction of being the only woman president of a national bank in Ohio, and she bears the honors gracefully."

This is probably the only instance where a woman cashier of a national bank during the national bank note-issuing period (1863-1935) acceded to the presidency.

She was an active bank president, at the bank every workday making business decisions and guiding its operation. To this day she is fondly recalled in Utica. A tall woman, she dressed in dark clothes. In public it is said that she always wore a hat. Although she first lived with her parents, and then with her sister, she owned a little cottage, with some land to grow fruits and vegetables, where she would spend free days. She had a group of friends with whom she entertained and played cards.

She drove Franklin automobiles. Franklins, which were air-cooled, were made in Syracuse, NY, from 1902 to 1934. The purchase of her first Franklin made the news in the *Syracuse Journal* of April 17, 1911, when it noted "Miss Cora B. Clark president of the First National Bank of Utica, Ohio within a few weeks ... will be driving a new 1911 Franklin five-passenger

WOMAN BANKER ASKS AID FOR WORKING MEN



Miss Cora B. Clark, "The Bankers' Daughter," who is in this city en route to the Bankers' Convention, to which she is the only woman delegate.

WHY MIDDLE CLASS MEN ARE BACKBONE OF NATION

By MISS CORA B. CLARK

The great middle-class business man of the United States is to the financial well-being of this nation as the heart is to the human



A Series 1929 note with C. B. Clark's distinctive facsimile signature as bank president. (Courtesy Heritage Auctions)

touring car." The article went on to say that she had previously driven three other water-cooled makes of cars.

She continued as president of the bank, through the Roaring Twenties and the Depression years of the thirties, until her death in Utica on July 13, 1939. Her banking career had spanned 56 years.

Her nephew, Wilbur J. Wilson, then became president of the bank and continued so until his retirement in 1969. With his retirement, the bank was merged into The First National Bank of Newark, Ohio. Several later mergers have occurred; today, the resulting bank in Utica is the Park National Bank, headquartered in Newark.

As she was the founding cashier of the bank, and then its president until past the national bank note period, it is possible that every national bank note issued by the bank during its history contained her signature.

Albeit, as the bank only issued \$50 and \$100 notes, its total number of notes was relatively small. It consisted of 1088 Series 1902 fifties and 676 Series 1902 one hundreds. It then issued 756 Series 1929 fifties and 216 Series 1929 one hundreds. Of this total of \$181,400 (representing a mere 2,736 notes), \$50,000 (including \$1,700 large notes) was out in 1935.

Sources and acknowledgements

An article on her election as president of the bank is found in *The Utica Herald* of February 9, 1911, and a series of articles on her appeared in same paper in October and November 1976. An obituary is in *The Newark Advocate and American Tribune* for July 14, 1939. A page long entry for her is found in the book, *Profiles of Ohio Women, 1803-2003* (2003). I am grateful to Wanda Higgins of the Utica Historical Society for her assistance with this article. ♦

The Utica newspaper's account of her election as president of the bank.

Miss Clark Bank President

At a recent meeting of the directors of the First National Bank, officers were chosen as follows:

President—C. B. Clark.

Vice Presidents—E. C. Wright and M. E. Wilson.

Cashier—E. L. Mantony.

Assistant Cashier—C. W. French.

A. K. Alsdorf was chosen as individual bookkeeper.

The late president, A. J. Wilson, left by will his entire property, real and personal, to Mrs. Wilson, and as representative of those interests she was chosen a vice president.

The bank was changed from a private to a National one in order that there might be no disarrangement of its affairs in the event of a death, and the management now is practically the same as for several years.

The capital stock was increased from \$40,000 to \$50,000 about two months ago, and with the double liability and the surplus, there stands \$130,000 that would have to be sacrificed before there could be any loss to a depositor. This guarantee of stability is a matter of satisfaction to the people of the vicinity.

Miss Clark has the distinction of being the only woman president of a National bank in Ohio, and she bears the honors gracefully.

Origin of Large Size Federal Reserve Bank Notes & Misdated San Francisco \$5s

SECTION 18 OF THE FEDERAL RESERVE ACT OF DECEMBER 23, 1913, gave officers of national banks the opportunity to get out of the note issuing business. Part of that section read as follows:

After two years from the passage of this act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Federal Reserve Board could at its discretion require the Federal Reserve Banks to purchase those bonds as well as other U. S. bonds bearing the circulation privilege as long as the total amount purchased did not exceed

\$25,000,000 per year. The bonds thus purchased were to be apportioned between the twelve Federal Reserve Banks based on their relative capitals and surpluses.

The circulation privilege was a designation by Congress that certain Federal bonds could be used by



The Paper Column By Peter Huntoon

national banks to secure their note issues.

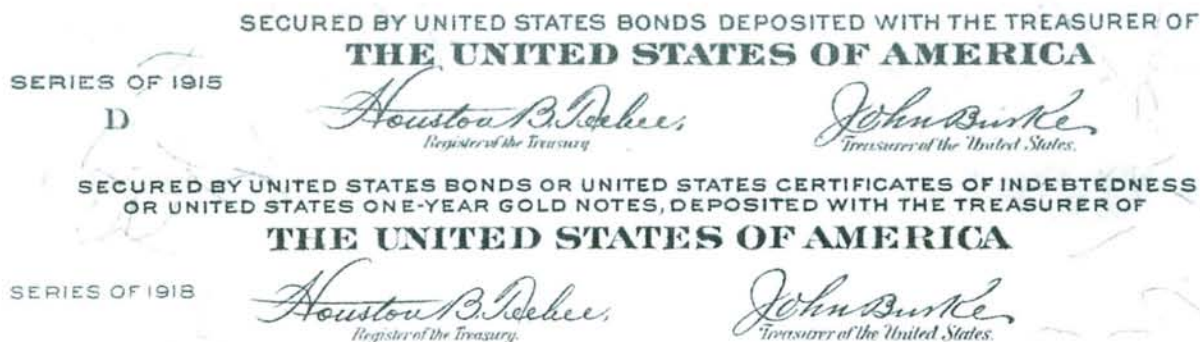
The important thing from the perspective of this discussion about Federal Reserve Bank Notes is the following in Section 18:

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States of bonds so purchased . . . any Federal reserve bank . . . shall be entitled to receive from the Comptroller of the Currency circulating notes . . . equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national bank notes, except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.



Notice that the obligations on the national bank notes (top) and Federal Reserve Notes (bottom) are identical.



The security clauses on Series of 1915 (top) and Series of 1918 (bottom) FRBNs differ because additional classes of government securities could be used to secure the Series of 1918 notes. The security clause on the Series of 1915 notes was identical to that on national bank notes during the time period when both circulated side-by-side.

Thus were born Federal Reserve Bank Notes. The potential impact on the national bank note system was that if the bankers complied, half a billion dollars worth of national bank notes could be done away with over 20 years by gradually converting them into Federal Reserve Bank Notes on a one-to-one dollar basis.

What these provisions did was to set in motion a process that would begin phasing out national bank notes, but preserve the total amount of that type of money in circulation. The incentive for doing this was that Federal Reserve Bank Notes were considered to be more desirable than national bank notes.

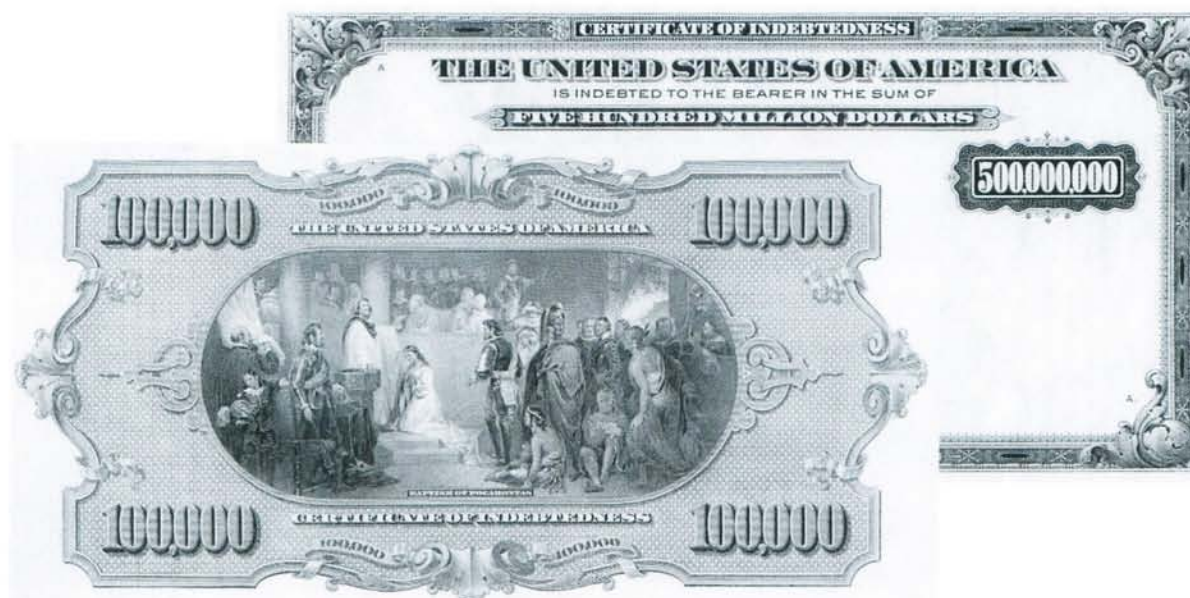
The issue was this. The minimum and maximum values of national bank notes that a national bank could issue previous to passage of the Federal Reserve Act were a fixed percentage of the capitalization of the bank. The actual minimums and maximums were changed from time to time by amendments to the National Bank Act, but the net result was that the stock of national bank notes in circulation was a function of banking capital, not the fluctuating volume of business in the country.

Consequently national bank note circulation was inelastic. Elasticity refers to the ability of the currency supply to expand or contract as the business needs of the country change either seasonally or within business cycles.

In contrast, once the bonds were in the hands of a Federal Reserve Bank, the maximum amount of currency that could be issued against them was not limited by the capitalization of the Federal Reserve Bank. Instead, provisions were built in that allowed for elasticity. It was the elasticity of the Federal Reserve Bank Notes that Congress sought.

Federal Reserve Bank Notes should have come into existence in volume after December 23, 1915, two years after passage of the Federal Reserve Act. It was then that the bankers could start selling their bonds to the Federal Reserve Banks. However, not much happened!

One shortcoming of the Federal Reserve Act of 1913 was that the framers failed to repeal the provisions in the National Bank Act that required an initial minimum deposit of bonds to secure a circulation before a national bank



The certificates of indebtedness that were used to secure a significant fraction of the Series of 1918 FRBN issues had gorgeous backs printed in various vibrant colors, many with vignettes recycled from the Original/1875 series national bank notes. The \$500 million face shown here certainly was not used to secure FRBN circulation because the face amount is more than double the peak circulation of the FRBN notes in 1921! It is more likely that smaller denomination certificates were used, possibly some with the \$100,000 back, *Baptism of Pocahontas*, shown here. Certificates of indebtedness have been made in denominations ranging from \$50 to \$500,000,000 over the years. Notice that these are bearer instruments; you possess them, you own them.

could be chartered. So, even though the Federal Reserve Act allowed the national bankers to sell their bonds to the Federal Reserve Banks, they couldn't!

The result was that about the only bonds that the Federal Reserve Banks could acquire to secure their FRBNs were those bearing the circulation privilege that were available on the open market. Consequently, the Series of 1915 Federal Reserve Bank Note issues were small, issued only by a few districts, and only in a limited number of denominations. Somewhat less than \$13 million worth of them were in circulation by October 1917.

Clearly the National Bank Act had to be amended to do away with the required minimum bond deposit. This action was finally taken via an amendment to the Federal Reserve Act enacted June 21, 1917.

Then the concept of Federal Reserve Bank Notes finally became viable. We notice in the National Currency and Bond Ledgers that some national bankers began to sell their bonds to the Federal Reserve Banks beginning in mid-1917.

Even more significantly, the Pittman Act of April 23, 1918, contained a provision that allowed FRBNs to be secured by Certificates of Indebtedness and one-year gold notes. The use of Certificates of Indebtedness and one-year gold notes to back the FRBN notes would greatly inflate their numbers.

The Pittman Act is better known for its phenomenal sop to western silver interests. Its primary purpose was to call for the melting of as many as 350 million old silver dollars taking up space in the Treasury. This would require the redemption of an equal value in silver certificates that were secured by them. The bullion was to be sold, and it was, most to England. However, equal numbers of new silver dollars were to be made from domestically produced silver!

Key Pittman, a Democrat, was a U. S. Senator from Nevada from 1913 to 1940. He was educated as a lawyer, but joined the Klondike gold rush and worked as a miner until 1901. He moved to the mining district of Tonopah, Nevada, in 1902, where he practiced law. His brother was governor of Nevada. Pittman was a man who looked out for the best interests of western miners, and there were

plenty of them in Nevada!

Congress was concerned about a potential shortage of small denomination silver certificates, so the Pittman Act looked toward Federal Reserve Bank Notes as an interim substitute. Consequently \$1 and \$2 denominations FRBNs were authorized.

A new Series of 1918 FRBNs came about with a revised security clause acknowledging the additional backing by Certificates of Indebtedness and one-year gold notes. The difference between the Series of 1915 and 1918 is the wording in the security clause on the faces located just under the upper border.

Large numbers of Series of 1918 FRBNs came into existence thanks to the new bonds that were allowed to secure them, plus a surge in bonds freed up from the national banks as per the terms of the 1917 act. FRBN circulation peaked at \$236 million in January 1921. However, bond sales by national banks to the Federal Reserve Banks never developed into the desired flood.

Simultaneously coinage of new silver dollars from silver mined in the west quickly offset the melting of the old silver dollars in the treasury, so stocks of silver certificates surged. The public preferred to carry silver certificates and let the new silver dollars reside in the treasury!

It is apparent that Treasury officials deemed that the Federal Reserve Bank Notes were becoming a redundant currency, so they were discontinued October 17, 1923. Only \$16,282,000 worth of them in circulation at that time were obligations of the Federal Reserve Banks, the rest were being retired. After that date, all became obligations of the treasury retirement account.

The Federal Reserve Banks sold the bonds and certificates of indebtedness that were used to back the FRBNs, deposited the proceeds in the treasury redemption account, and the treasury began retiring the last large size FRBNs.

One primary goal of the Federal Reserve Bank Notes was to replace a half billion dollars worth of inelastic national bank notes at the rate of \$25 million per year, but this didn't happen. There still was money to be made by national bankers in issuing their own notes.

Other more draconian methods would have to be employed to get rid of national bank notes. The bonds securing them would either lose the circulation privilege or be called in for redemption by the treasury in 1935.

Congress once again turned to Federal Reserve Bank Notes as the newly inaugurated Roosevelt administration grappled with the banking crisis of 1933. Series of 1929 FRBN notes were authorized by the Emergency Banking Act of March 9, 1933, with terms similar to those governing the earlier large size issues, except some of the securities that were allowed for backing were softer. The notes were pumped into the economy to alleviate the severe shortage of currency caused by hoarding.

Federal Reserve Bank Notes were again resorted to by the treasury during 1942-3 to inject much needed currency into the booming World War II economy.

The FRBNs were a bond-secured currency, the same as national bank notes. They looked like national bank notes, and they stated on their faces and backs that they were national currency. Even the obligation on their backs was identical to that on national bank notes.

The two classes of currency were virtually identical.

One feature that was shared on the faces of large size NBNs and FRBNs was a plate date. The plate date on the FRBNs is located above the Governor's signature.

That date is the date of organization of the issuing Federal Reserve Bank. Use of the date of organization on FRBNs was consistent with the then current practice of placing the date of organization on the first plates for newly chartered national banks.

The 12 Federal Reserve Banks were organized at the same time, and all



This \$5 San Francisco Series of 1918 Federal Reserve Bank Note carries the wrong organization date of May 18, 1914. All the other districts had this organization date, but not San Francisco. The note is from plate 1. Plate 2 also had the error. (Photo courtesy of Heritage Auction Archives, Tom Flynn Collection.)

but San Francisco had organization dates of May 18, 1914. The organization date for the San Francisco bank was May 20, 1914.

Early collector William Philpott wrote to the director of the Bureau of Engraving and Printing in 1932 asking why this date was different. His letter was referred to an Assistant Secretary of the Treasury named Seymour Lowman, who responded on July 25th as follows.

The organization certificates of all Federal Reserve Banks, except the one located in San Francisco, were executed on May 18, 1914, while the organization certificate of the Federal Reserve Bank of San Francisco was executed on May 20, 1914. Accordingly, the date May 20, 1914 should properly have been imprinted on all Federal reserve bank notes printed for the Federal Reserve Bank of San Francisco. Through some inadvertence, on a few of the plates prepared for that bank, the date May 18, 1914, common to all other Federal Reserve Banks, was imprinted. I understand the erroneous date appeared on only two plates prepared for \$5 notes, Series of 1918, and that all other plates, including those for all other denominations, bear the correct date.

It was official; collectors now had a very interesting error to seek. All the other San Francisco denominations carried the correct date, so the error was confined to the \$5s.

This information was provided to Robert Friedberg who listed the variety in his catalog, *Paper Money of the United States*.

The first Friedberg catalog that I owned was the 4th edition published in 1962. The \$5 May 18, 1914 San Francisco error was given number Fr. 809A, and the note was listed as rare.

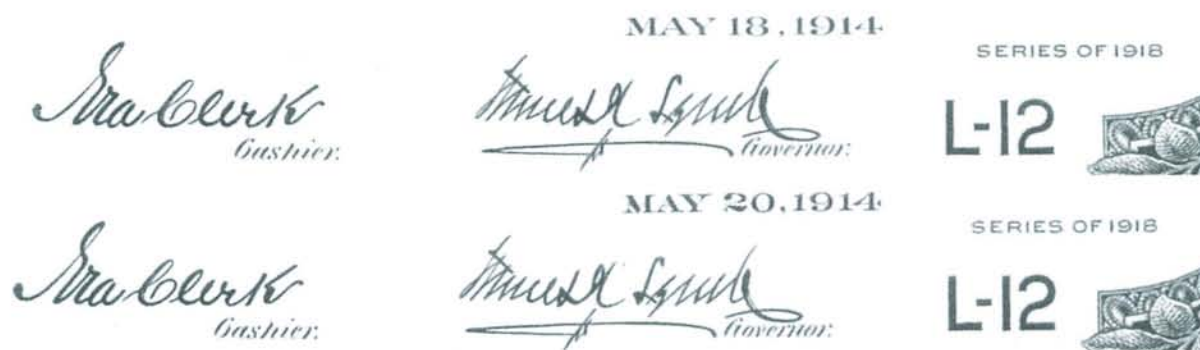
Time has altered that perspective. The current Gengerke census of large size type notes reveals that the error notes with the May 18th date are somewhat more plentiful than those with the correct May 20th date! Perhaps this is an artifact in reporting, wherein people lucky enough to have found a May 18th note reported it, whereas the tendency was not to get as excited over a May 20th find.

Modern editions of Friedberg's catalog still show an highly inflated value for the May 18th variety, but market results for the May 18 and May 20 varieties are more in line with the census data, with but modest premiums paid for the error.

I sought out the proofs for the \$5 FRBN Series of 1918 San Francisco production plates in the National Numismatic Collections at the Smithsonian, and found that seven were made. Here are their certification dates.



This \$5 San Francisco Series of 1918 Federal Reserve Bank Note carries the correct organization date of May 20, 1914. The note is from plate 3. \$5 San Francisco plates 3 through 7 had the correct date. (Photo courtesy of Heritage Auction Archives, Tom Flynn Collection.)



All the other Federal Reserve Banks had organization dates of May 18, 1914, so that date was incorrectly placed on the first two \$5 FRBN plates for San Francisco (top). San Francisco plates 3 through 7 carry the correct May 20 date of organization (bottom).

Plate	Plate Date	Date Certified
1	May 18, 1914	Aug. 29, 1918
2	May 18, 1914	Aug. 30, 1918
3	May 20, 1914	Dec. 20, 1918
4	May 20, 1914	Feb. 4, 1919
5	May 20, 1914	May 1, 1919
6	May 20, 1914	Nov. 5, 1919
7	May 20, 1914	Nov. 6, 1919

All of these plates have Teehee-Burke treasury signatures and Clerk-Lynch bank signatures.

According to Derek Moffitt's web site, serials L1A through L300000A all bear the error May 18 date. Series L300001A through L500000A are mixed, and L500001A through L1196000A are exclusively May 20.

Derek states that these serial number ranges were deduced from reported notes. In addition, stars L1* through L12000* were printed, but there is no breakdown by variety.

I have found no information indicating when government people became aware of the misdated plates. It didn't matter because the erroneous dates on plates 1 and 2 were not repaired.

Identical plate date errors on national bank note plates weren't fixed either once those plates went into service, so the fact that the FRBN plates weren't is no great surprise.

Regardless, collectors have an opportunity to collect a most interesting

variety, and to pay a price that is not much greater than for the non-error. Astute ferrets have the opportunity to cherry pick the errors.

All in all this adds up to a good time for those willing to understand and search.

Sources of Data

- Bureau of Engraving and Printing, various, Certified proofs of Federal Reserve Bank Notes. National Numismatic Collections, National Museum of American History, Smithsonian Institution, Washington, DC.
- Bureau of Public Debt, Correspondence files, Correspondence from William A. Philpott (Aug. 2, 1933) and reply from Thomas Hewes (Nov. 22, 1933). Entry UD, Series K Currency, Record Group 53 450:54:01:05 box 213, U. S. National Archives, College Park, MD.
- Friedberg, Robert. *Paper Money of the United States*, 4th edition. New York: Coin and Currency Institute, 1962, 303 p.
- Gengerke, Martin, current, *A census of U. S. large size type notes*. Privately published. (Gengerke@aol.com).
- Moffitt, Derek, current, <http://www.uspapermoney.info/serials/large.html>.
- Philpott Jr., William A., "Federal Reserve Bank Notes, Series 1915-1918," *Paper Money* (v. 2, no. 4), 1963, pp. 5-12.
- United States Statutes. The Federal Reserve and National Bank acts and amendments. Government Printing Office, Washington, DC., various dates. ❖

Issued New-Brunswick 2d of 1796 a rarity

SHOWN HERE IS THE DISCOVERY SPECIMEN of a signed and issued example of the March 10, 1796, small change notes authorized by ordinance of the Common Council of the City of New-Brunswick, NJ. Of the 2d denomination, it bears the signature of the City Treasurer William Van Deursen, who served in that office from 1796 to 1816.

The 1796 notes were issued in denomination of 1d, 2d, 3d and 4d and show the imprint of Abraham Blauvelt, a local printer who shared in the printing of legislative proceedings with official State Printer Isaac Collins toward the end of Collins's career.

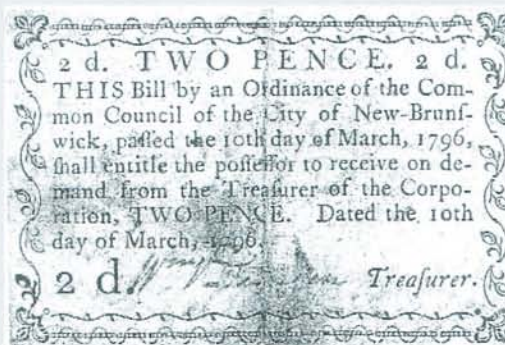
In the George W. Wait reference, *New Jersey's Money*, they are designated as nos. 1655, 1657, 1659 and 1660 respectively, all R6s. They followed a 1791-dated issue of 1d, 2d and 3d city obligations, also printed by Blauvelt (Wait nos. 1654, 1656 and 1658, all R7s), which had become due two months earlier.

Although most of the 1791 notes were redeemed, a few signed and issued examples do survive. Until discovery of the signed 2d note of the 1796 issue, all examples of this latter issue were remainder-only.

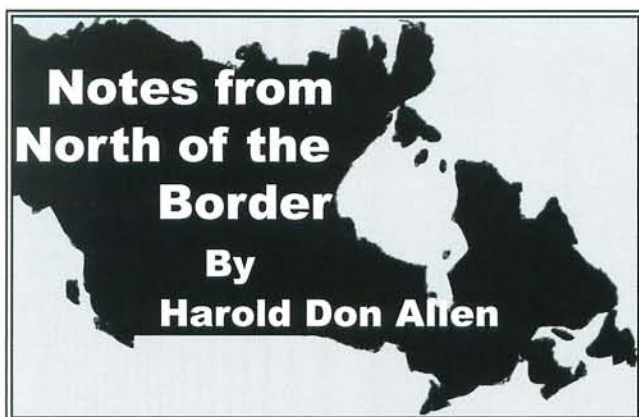
The discovery specimen was lot 561 in Stack's May 13, 2003 sale and its face is plated in the catalog.

Thanks to Hsien-min Tang of the New Brunswick Free Public Library for research assistance.

-- David D. Gladfelter ❖



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Many helpers . . .
on a lifelong hunt
on the ice floe edges
of our paper hobby

BACK WHEN I WAS TEACHING TEACHERS IN CANADA'S EASTERN and Central Arctic--was it only five or ten years ago!--paper money collecting had been primarily on hold, though I do treasure a generous handful of low-value notes from circulation, some of the most worn and tattered that I've encountered anywhere on Earth. Even towns with banking facilities offered little incentive for a bank to fly in "new notes for old." General stores had been well stocked, however, backed by air shipments (milk, produce, other perishables) and an annual "sea lift" (clothing, furnishings, bulk commodities). Credit cards, debit cards, and personal checks tended to be well received in a remote community where everyone knew everyone else.

Northern Stores, successors to Hudson's Bay Company arctic retail operations, and community cooperatives, made matters all but straightforward for the traditional resident seeking to "bring home the bacon"--so to speak. Arctic food gathering, however, looks less to the general store than to the perilous floe edge. A "harvest" of seal meat would be highly valued, yet freely shared, I understand.

For Canada's Inuit--they disdain the term Eskimo--there has been, and is, great pride in the hunt.

You know, numismatically and otherwise, I can readily identify with that. Collecting, for me, always has had as its dominant theme the hunting of worthwhile if elusive items in their natural environment--as opposed to, say, bidding or purchasing at auction, or acquiring on the bourse or from dealer stock. Now, I have come to recognize, as have my Inuit friends, that hunting, for unusual notes or whatever, rarely is at its most effective as a



A trophy note courtesy of the head cashier at Barclays Bank (Canada).

solitary pursuit. I, therefore, record indebtedness--and gratitude--to two generations of amicable helpers and supporters, men and women within the banking and money changing fraternities, with whom a "please" and a heartfelt "thank you" always would suffice.

These good people I now identify with three categories:

(1) Bankers, at the teller level.

- Say, the head cashier at the Barclays Bank (Canada), Montreal operation, who each month let me leaf through "small Barclays" notes destined for destruction, and to "upgrade" to the best examples on hand.

A prize note chosen from an intact crisp bundle of Royal Bank of Canada 1913-dated \$5s.



- Or the Royal Bank of Canada teller who showed delight when she recognized me, and let me view an intact bundle of crisp, 1913-dated \$5s, from which I had been invited to choose.
- Or the elderly male teller at Banque Provinciale main office who, while he then had nothing to add to my collection, took time to show me an improbable, 1929-dated Provinciale \$5, crisp, folded in his wallet, a splendid piece of made-in-Canada, engraved paper which he personally had turned into money by penning his signature on his first day "on cash." (His bank had been the last in Canada to hand-sign notes, right through 1934, I now know.)
- Or the Canadian Bank of Commerce branch teller who, on seeing me, would reach to the back of the drawer for her own bank's, and its competitors' "sundry notes."

(2) **Foreign exchange**--dollars for pounds, pesos, pesetas and such, and vice versa--was the sole preoccupation of my second group of wonderful helpers, those who extended my "paper" horizons from Canada to, essentially, the world.

- "Bill," for a pre-1950 example, had worked for a high-profile trust company, regularly journeying up-river to the Quebec City dockside to "meet the boats." Back at his wicket in Montreal's financial district, Bill would leaf through folders of purchased currency, permitting me to select uncommon low-value notes and to "improve" notes that I already had. Mexican pesos (at 11.5 cents, as I recall), Brazilian cruzeiros, British Honduras dollars ... later Hungarian forints.
- Also 50 or so years ago--this collector's formative years--at Thomas Cook a more senior foreign exchange officer had extended the same courtesy, and even had lent his downtown window for a pioneering National Coin Week. "paper" display. The gracious tradition has continued..
- Twenty years ago, in a Spanish quarter of downtown Miami, an exchange employee had sold me a handsome mix of then-current Latin American items, to the improbable total of \$1.61 U.S.
- And, last summer, in London, an upscale exchange outlet across from the British Museum had cheerfully sold me 10,000,000 pounds--Turkish, of course, and very likely the firm's smallest cash transaction of the day.

(3) **More senior banking officials**, those with access to as-yet-unpublished information and, on occasion, improbable material, you might think of as having been less than approachable, but in two of Canada's biggest banks, such had been anything but the case. These were my third group of "supporters; and even for the research aspect, I--and the hobby--owe them a profound vote of thanks.

- At the venerable Bank of Montreal, J. Fraser Cliff of the chief accountant's department enabled me to study, sketch, and describe in print nine decades of the bank's distinctive currency--which I did back in 1957.
- At Royal Bank of Canada, Frank Wright and Walter Campbell extended similar courtesies--*Numismatic Scrapbook* magazine featured the story--and

Krause releases fifth edition of Newman's magnum opus

ERIC NEWMAN IS A WORLD-CLASS NUMISMATIST, and his life's work *The Early Paper Money of America* is a world-class numismatic reference book (www.krausebooks.com).

From its first edition in 1967 through subsequent iterations in 1976, 1990 and 1997 and now a princely 500-page 2008 imprint, Newman has explored the history and context of America's first paper currencies in an exemplary manner. Even the title of Newman's opus is a worthy tribute to Sylvester Sage Crosby's pioneering *The Early Coins of America*.

With the advent of the internet, the cataloging and public dispersal of the closely held/secretive Boyd-Ford holdings, and improved color capability for reproducing illustrations, the new reference brings a half century or more of Newman's scholarship to the fore in a most pleasing manner.

Most readers are well familiar with the format by now. The author provides exhaustive historical information on the Continental Currency and early federal issues, and then a colony/state catalog of the note-issuing authorities of the early American experience, the colonies of England, Spain, and France. Private emissions and bank issues are also included. Appendices provide sheet structure, identify known counterfeits, provide exchange values, information on paper watermarks, mottoes and emblems, and printers, engravers and note designers. The new edition includes up-to-date pricing compiled by Stuart Levine.

"From the first page to the last, this book is a tapestry of

details helpful for the collector with an interest in history, and the historian with an interest in collecting," publicist Toni Rahn avers. The work is perfect for identifying notes, assessing history and value, and should serve as a "cornerstone of any collecting library," she adds.

This reviewer applauds the improvements in the new edition. The extended color imagery and refreshed B&W photo-

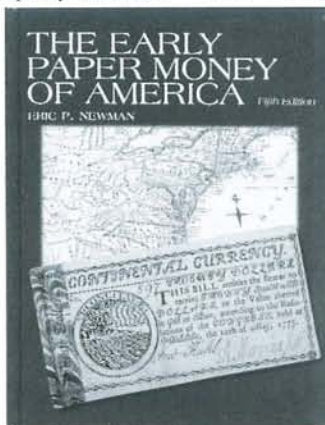
graphy is a plus. The improvements in design, new larger type face, and even whiter, brighter paper stock of the imprint all make the book more reader friendly. Especially appreciated are new more sensible price tables, which don't price notes in conditions which are unattainable in the collector marketplace, but for plentiful issues extend the range of pricing to Choice Unc. examples.

Most collectors are interested in market valuations for the notes in their collections and especially for notes they seek to acquire. If the notes in my collection from these series are any indicator, price appreciations for "book values" over the last decade are on the order of nearly

400% for Continentals and 300% for some state issues.

You buy the book, and price out your notes, but the plain facts are if you are even thinking of collecting early U.S. currency, you need this book. Even if you don't collect these series, but seek a thorough understanding of these issues, no better guide exists. Priced at \$95 hard bound, the book is available from dealers, on the internet or from the publisher.

-- Fred Reed



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A "southern" branch
Royal Bank of Canada
\$100 for British Guiana
courtesy of senior bank
officers.



introduced me to Royal's special notes for "southern" branches (British Guiana and British West Indies). Over years that followed, these relatively senior men took interest in assisting with my modest, but to me important, reference collection.

- Mr. Cliff allowed me to salvage several turn-of-century Bank of Montreal classics (1895 to 1904), notes whose rusted edging suggested long tin-can storage or burial, "good" notes which otherwise had been en route from a Newfoundland branch to head office destruction. A wondrous British Guiana \$100 Mr. Campbell had said I could have . . . if I could pay for it "in kind." Books had to balance--though not as to colony or denomination. A year's correspondence, and twenty tattered "southern" \$5s permitted me that accomplishment, to carry a note well worth preserving, from the bank's vault space to my own.

Those had been the days when Canada's ten "chartered banks" could and did circulate their own quite distinctive notes. The right to such circulation--in effect, an interest-free loan--was taken from them during World War II. You sense that in mid-to-late adolescence, I'd picked the ideal time for, my numismatic hunt.

On the world scene, such commercial banks of issue have become few in number, ten or twelve if my reckoning is correct, restricted to but three locations in the early 21 century, Scotland, Northern Ireland, Hongkong, and Macau.

(4) **Central banks, reserve banks, currency boards,** and other such government-related institutions are near-universal, however, and several of these, on informal visits, have treated me distinctly well.

- At Belgium's rational bank, in Brussels, the head cashier cheerfully sold me the country's last set of franc-denominated notes, through the lofty 10,000; and imposing supporting literature was readily acquired.

"New ringgits for old" brought forth
this \$10 Bank Negara Malaysia beauty.



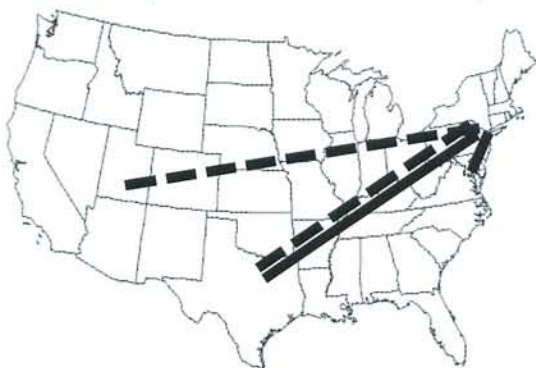
- At Bank Negara Malaysia, in Kuala Lumpur, his counterpart had done all that he could for me, and most graciously, when an elderly Malaysian woman had approached him with a great handful of somewhat aged, well circulated low values. He was reaching for necessary forms when I impetuously suggested that I might give her new ringgits for old. The paperwork was set aside, and he beamed approval. A win-win situation, I immediately knew.

My delight in the hunt continues unabated, having extended to three continents and to quite diverse nations. I know instinctively when I need dealer help, and seek it and welcome it. But my most cherished "harvest" has been a decidedly traditional one--on remote and challenging ice floes of our "paper numismatic" world. ♦

\$1/\$5 in Brooklyn at year's end sport wheresgeorge? tags

SPMC Treasurer Mark Anderson received a couple well traveled wheresgeorge? bills in change over the holidays.

The \$1, A169XXXXXB, with the fancy surprints, was entered on June 23, 2008 at Towson, MD, by "Tyler", who has entered about 8,000 bills. It was recorded 52 miles up the road on Oct. 17th at Chesapeake Beach, MD. It showed up in



Brooklyn, NY over Christmas time 2008, and was reentered at Dallas, TX on Jan. 11th 2009. This was the 985th "hit" for "Tyler." It is also back stamped.

The \$5, FC231XXXXA, is the first fivespot wheresgeorge? bill I've personally seen. It was first entered by "Iron Runner" at Cedar City, UT on July 8, 2008. It was received in Brooklyn, NY on Dec. 28th, and entered in Dallas TX Jan.

11th 2009. "Iron Runner" is a bigtime wheresgeorge participant. He has entered 57,775 bills and recorded 2,633 total hits to date, from as far away as Finland and Argentina. This example is also back-stamped. --

Fred Reed ❖

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SPMC's limited edition Peter Maverick bank note souvenir card

PAPER MONEY IS NOT A COMMODITY OF THIS generation alone. It was in use in our country a century before the state bank era. The art of copperplate engraving goes back even before that. One of its earliest practitioners here was Peter Maverick. Of course I did not personally know Maverick, although I know his varied work by means of the currency I have collected.

Maverick hand-engraved and hand-printed the notes issued by some of our earliest banks. From his shops in New York and Newark came more than 100 varieties of banknotes bearing his imprint. These notes circulated in the states of Georgia, Michigan, Missouri, New Jersey, New York and Rhode Island, and in the Republic of Colombia. Of New Jersey's first 16 chartered banks, Maverick produced notes for 12 of them. Fortunately, examples of Maverick's work abound today, and thus can be widely appreciated for the individually-crafted designs that they are. They include some delightful scenes, such as the riverfront farm scene illustrated here. When Maverick came to Newark in 1809 he purchased 20 acres on the Passaic River. This scene may well be the view he saw from the window of his studio.

The simplicity of Maverick's designs is at once both charming and ingenuous. As they were prone to counterfeiting, more intricate mechanical designs soon replaced them. His former apprentice and partner, Asher B. Durand, left to join his brother Cyrus in a competing firm using Cyrus's newly developed geometric lathe. Thereafter, Maverick turned to printing as a more profitable line of work, as the technology of bank note engraving passed him by. He and his daughters Emily, Maria Ann, Octavia and Catharine continued to engrave portraits, maps and book illustrations, and began using the new process of lithography as well.

In 1826 Maverick was host to the portrait painter John Neagle, who painted the only surviving likeness of him. It is reproduced here by courtesy of the Rutgers University Press.

At least one copper bank note plate engraved and signed by Peter Maverick survives today (shown), although none of the notes originally printed from it do. In 2002, this plate was returned to service by BEP plate printer Mike Bean to make a limited edition collectible for SPMC (also shown).

-- David D. Gladfelter



"I think the thing we need to concentrate on is to provide our members with new articles and a new 'look' to our journal."

-- Bob Cochran

Dear Fred,

We've always had a problem getting members to CONSISTENTLY participate by sending in articles. I'd like to think that there is a real chance that our members will respond to our pleas for new articles, but it is possible.

"I've always thought that if we could get each member to submit a one-page article about his or her 'most favorite note, and why' we could have a nice prize for everyone who participates. We've done this in the past, and if I remember correctly, we got a 'decent' response.

With respect to this campaign, offer some nice prizes. If we have a few bucks in the treasury, how about offering some monetary prizes. If we do have some people who do participate, get them to send in photos so we can put their mugs on the

cover of *Paper Money*!

In the meantime, I'd contact all of the members who have submitted articles

and ask them to send a photo of themselves.

Then print those photos and keep pounding on our members to send in SHORT articles.

-- Bob Cochran

Dear Bob and ALL members of SPMC,

Bob's note raises some great ideas. Bob knows whereof he speaks. He has served our Society tirelessly for decades, including writing more than 100 articles for *Paper Money*. We've sponsored article contests in the past, including one with a \$500 prize. We've also sponsored contests where winners received one of our Peter Maverick souvenir cards for their contributions to numismatic education. His idea about running author photos in the magazine is a great idea. After I got Bob's note, I solicited Karl Kabelac's photo/bio shown in this issue. I'll put the ball in members' courts. I've asked for SHORT articles nearly every issue for 10 years. Inundate me with submissions, your pictures and bios, and our board will surely recompense your efforts justly.

-- Ye Olde Editor

Whitman releases 2nd edition of Doty's *America's Money*

I CONFESS I'M A SUCKER FOR BEAUTIFULLY designed and illustrated books written in a colorful and picaresque manner. Dick Doty's wonderful, hard back second edition of his classic *America's Money, America's Story* fills the bill on both counts.

Dr. Richard Doty, as professionally known as senior numismatic curator at the Smithsonian Institution's Museum of American History, is a wonderful story teller and his book is a great way to spend long wintry evenings before a fire. And yet this 216-page book is so comprehensively researched and organized that it could be a college text for history/economics majors interested in broadening the scope of their studies, or for highschool enrichment.

Published originally a decade ago, the work is one of Whitman's rebirthing of treasured numismatic classics -- repackaging and updating material for a broader-based collector audience. Cornelius Vermeule's book on numismatic aesthetics, and George Tremmel's work on CSA counterfeits also spring to mind.

While the original version of Doty's book had an outstanding array of illustrations, the new work presents a visual delight of maps, charts, and impressive numismatic specimens

in full and appealing color.

The author's narrative is colorful as well. For example, Spanish colonial fractions "traveled in odd directions and found strange resting places," in Doty's view. Tell me another numismatic author who found use for the adjective "fusty" to describe a stagnant economy?

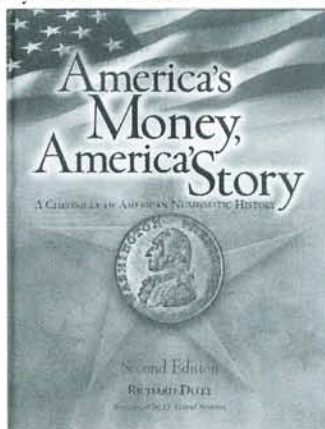
Doty breaks out America's story in chronological historical periods, including the eras of colonization and revolution, the great gold rush periods, the watershed epoch of our Civil War, the Gilded Age, Roaring Twenties, World War II up to the present. More than 600 exceptional full color images accompany the text. A helpful index is provided.


The book "illustrates the ingenious ways that we've tackled tough economic times with surprising and innovative forms of legal and sometimes illegal tender," publisher Dennis Tucker writes.

This reviewer's favorite section on the Civil War includes this remarkable observation: "The greatest lesson taught by four years of conflict was that Americans would have to pay for the fine words enshrined in the Declaration of Independence with lives lived in a new way. They would have to actually take seriously the stirring phrase about the equality of *all* men."

Comingling of history and numismatics make this a treasure and bargain at \$26.95 at www.whitmanbooks.com and dealers elsewhere.

-- Fred Reed ❖






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BACK IN 1972 THE GREAT GLENN B. SMEDLEY WROTE AN article for *Paper Money* (Vol. 11, no. 3) entitled "Banking from an iron chest." It is the story of the Bank of Delaware County, which became the National Bank of Delaware County, charter #355.

This article encouraged me to write about our local bank with a similar history. My article on the Bank of Chester County was published two issues later in *Paper Money*.

In 1789 the County of Chester was divided to allow for the formation of Delaware County. Chester was the county seat and remained so for Delaware County until removed to Media in 1851. West Chester became the county seat for Chester County in 1786. (This was even before the division because people wanted a more central location, causing considerable Chester-aggravation!)

In 1791 Congress granted a 20-year charter to the first Bank of the United

States. When the charter expired in 1811 and Congress refused to recharter it, the field was open for states to seize the opportunity to increase their state banks.

At this time, Philadelphia had seven banks. Only five were outside the city. The Pennsylvania legislature passed an Act in 1813 authorizing 25 new banks, but it

In the Olde Days

The Banks of Chester County

by Nelson Page Aspen

was vetoed by Governor Snyder. In 1814 they again passed an Act authorizing 41 banks this time, which they passed over the governor's veto.

This banking law divided the state into districts, one bank or more for each district. The capital stock was fixed at 9000 shares of \$50 each.

Chester county was allotted one bank and with some hesitation a group was formed and began taking subscriptions. A group in Media did the same, accomplishing the necessary subscriptions in four months, while the Chester County group had more difficulty.

The Bank of Delaware was authorized on July 26th, 1814, and opened December 5th. The Bank of Chester County was authorized on August 2nd, and opened on the 11th of November 1814. A common friendship developed between the banks from the beginning.

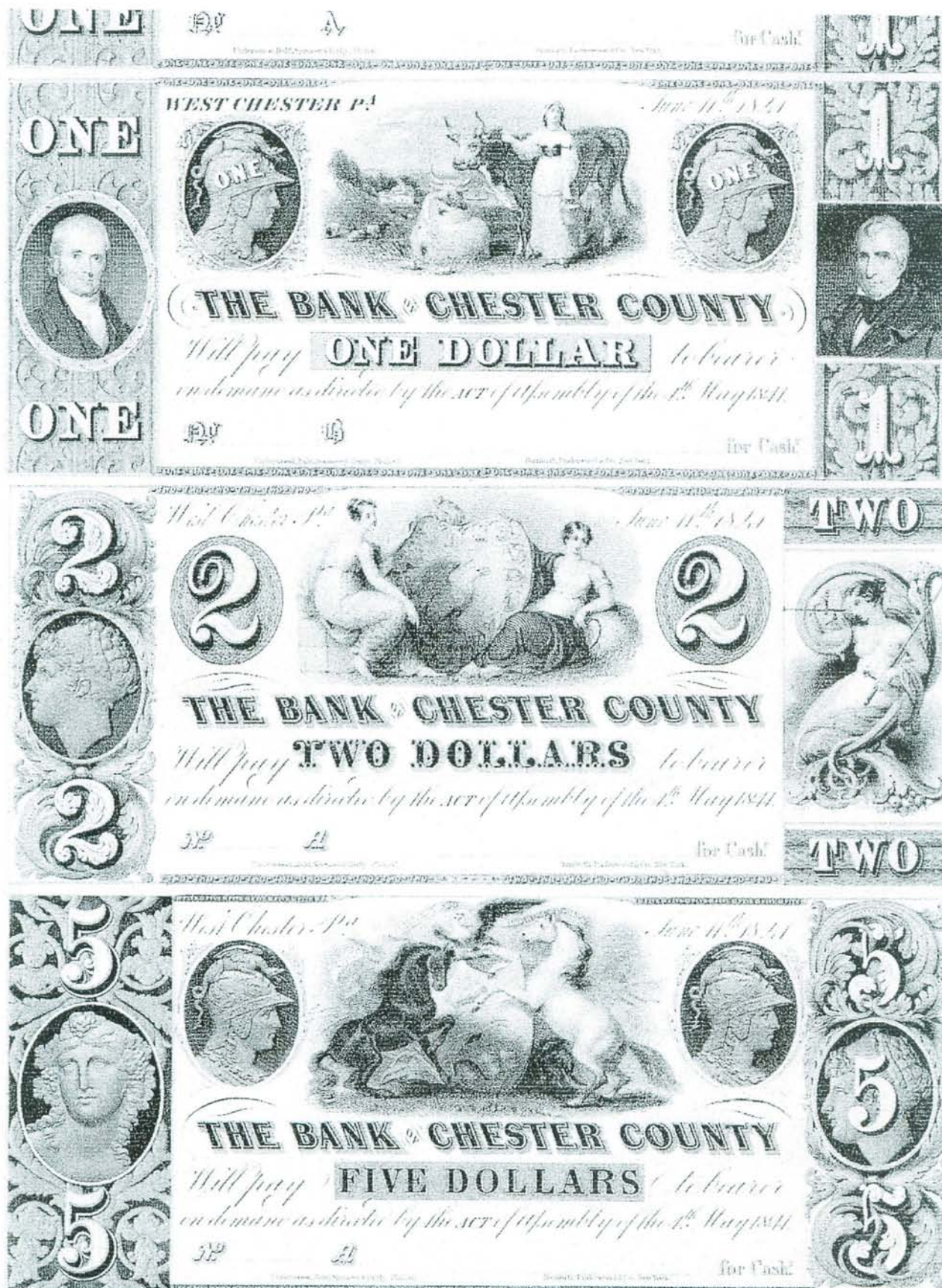
There was a bit of rivalry as the Bank of Delaware built an attractive bank building, completed in 1816. *The Federalist*, printed in West Chester, applauded the brick building and hoped the directors of the Bank of Chester County would "go and do likewise."

They did, but it was not until 1836. It was a magnificent building by Thomas Utrecht Walter, one of the leading architects of the country. He was the architect for the Senate and Representative wings and the dome of the U.S. Capitol.

One must remember that these were difficult times. Napoleon was confined to the Island of Elba. Wellington's veterans had finished with France and were invading the United States. Shortly after these banks opened, the British were busy burning Washington. Soon after Jackson defeated the British in New Orleans. Napoleon would leave Elba and once more drench Europe with blood.

In spite of this, an era of prosperity soon developed in the United States. The Midwest was filling with settlers. Public land sales rose and manufacturing was developing. It was a time of building railroads, and Pennsylvania was building an extensive system of canals. Business was growing (some of it speculative). All of this led to a rapid bank expansion which both banks enjoyed.

The Bank of Delaware County ordered 500 sheets of paper in January 1815, and in May 10,000 sheets from John Willcox of the famous Ivy Mills. They were then sent to Philadelphia for engraving.



The Bank of Chester County ordered \$90,000 in banknotes to be printed by Murray, Draper & Co. Two plates were engraved comprising a plate for two \$5s and a plate for a \$10 and a \$20. In October, plates for \$64,000 worth of small bills (\$1 notes) were ordered. This was followed by a sheet of \$5, \$10, \$20 and \$100 notes to be dated November 15, 1814.

In the late 1820s the Bank of Delaware County issued new bank notes and burned the old ones, some \$135,000 in value.

These were not all good times, as specie payment was frequently suspended and scrip became the answer. There were cyclic depressions. The Panic of 1837 caused serious financial straits for the state of Pennsylvania. This was mainly due to the canal building bills and an empty treasury with nothing to pay these bills.

Loans were made by the banks, but an Act of the Assembly of May 4th 1841 provided that the bnks make five-year loans of \$3,400,000 at 5% interest. They were to issue for payment new bank notes, called Relief Notes, in denominations of \$1, \$2 and \$5. A holder could use \$100 increments of these notes to buy state bonds. The state paid the bank 1% for outstanding notes. Both the Bank of Chester County and the Bank of Delaware County took advantage of this Act.

The Bank of Chester County subscribed to \$72,000 and ordered new plates. A second request was "respectfully declined." These are indeed most beautiful notes, and desired by most collectors.

The Bank of Delaware County suffered a serious loss in 1840, when a theft of treasury notes in New Orleans were put into circulation in their area. They redeemed them, but the government refused to honor payment. The Bank of Chester County suffered a similar loss when traveling to the sorting house in Philadelphia in 1847, and \$51,000 was stolen. This brought forth a new emission of notes with red printing. The thieves were eventually captured and more than \$40,000 was recovered.

In 1858, Jacob Shooster, alias Tom Hand, began counterfeiting a \$10 note of the Bank of Delaware County, and circulating them in Philadelphia. The bank had a new note engraved and ordered \$50,000 worth of them. Shooster was apprehended and sentenced in December 1858 to five years and five days at hard labor and solitary confinement.

The Bank of Chester County had suffered similar problems in the 1840s. In May 1846 two New York police officers arrested two men. One had a counterfeit plate for the Bank of Chester County notes.

Each bank issued several different designs throughout the years, all of which are among the most attractive of the obsolete notes. The Bank of Chester County had issued \$1 notes early on, but the Bank of Delaware County did not issue small notes of under \$5 until 1862. Small wonder they were so effected by the specie suspension.

As I have mentioned the suspension of specie payments caused banks no end of trouble. The Bank of Chester County resolved the problem in 1816 by issuing its own scrip. These included notes of 5-, 6¼-, 10-, 12½-, 25- and 50-cent denominations. Banking rules did not allow them to do the same during later suspensions, but merchants continued the practice.

On March 8, 1862, the Bank of Delaware County issued a new series of all denominations, including small notes. The Civil War made support of the Union paramount and both banks made loans to the Federal Government. Then came the National Banking Act on February 25th 1863, and concern over losing their state banking charters should they not be accepted as national banks.

The Bank of Delaware County offered the name "First National Bank of Delaware County," but the name approved by the Comptroller of the Currency was "Delaware County National Bank." This was acceptable, and the bank was chartered on April 25, 1864, as charter #355. It continued to redeem notes of the Bank of Delaware County until February 21, 1866. The National Bank of Chester County was chartered on October 25, 1864, as charter #552. Neither bank seemed

to suffer during the
Panic of 1873.

Both banks issued First Charter Series notes, including \$5, \$10, \$50 and \$100 bills. The National Bank of Chester County issued Series of 1875 notes in the same denominations. The Delaware County National Bank issued only \$50 and \$100 Series of 1875 notes. Both banks issued Brown Backs of \$10, \$20, \$50 and \$100. The National Bank of Chester County issued Red Seals of \$5, \$10, \$20, \$50 and \$100. While the Delaware County National Bank only issued \$5s, \$10s and \$20s. They both issued Date Backs in \$5, \$10, and \$20 denominations. The National Bank of Chester County issued Plain Backs of \$5, \$10, \$20, \$50 and \$100. But the Delaware County National Bank issued them only in the \$5, \$10 and \$20 denominations.





A Primer for Collectors BY GENE HESSLER

Somali 5s note brings back memories of quick departure

The following relates to the trip mentioned in the previous column (see *Paper Money*, Jan/Feb 2009).

ABOUT SIX MONTHS BEFORE WE ARRIVED IN Dar-es-Salaam, the capital in Tanzania, formerly Tanganyika, there was a revolution in Zanzibar, a former British Protectorate. In October 1964 Zanzibar, an island 26 miles away, became part of Tanzania. Political circumstances had not settled completely, and we did not know for certain until the evening before if we would be permitted to play a scheduled afternoon concert in Zanzibar City. The following day we arrival to a cool reception on the tropical island: for the first time throughout our journey, no government officials met our plane.

I mention Zanzibar for the notes and coins I *didn't* find. After our outdoor concert, I roamed through the bazaar and searched for the elusive monetary remnants that circulated until 1933; at that time Zanzibar adopted the use of East African currency. We flew back to Dar-es-Salaam that same evening. We were scheduled to fly to the north, however that was changed.

There were anti-colonial demonstrations against France, Belgium, and America who had sympathized with the intervention. France and Belgium had come to the aid of the Congolese government during an extremely troubled period. There were other anti-American demonstra-

tions in North Africa. Consequently our schedule was changed, and performances in Egypt and Sudan were canceled. This was a disappointment because I wanted to be near the place where General Charles "Chinese" Gordon fought a losing battle with the Mahdi during the siege of Khartoum in 1884. To pay his troops, Gordon issued his own scrip, crude but historical; some notes were signed by hand.

This change in our itinerary came toward the end of our tour. We returned to Nairobi for a few extra concerts then the State Department sent us to Morocco for final unscheduled concerts.

A few weeks earlier we were in Somalia for concerts there. The first notes issued by the Somali Republic were circulating; they were dated 1962. I put aside the 5-, 10- and 20 -scellini notes, P1-3. I could have and should have returned with a 100-scellini, P4. This note that had a face value of less than \$10 as I remember, now sells for \$600.

After two days of concerts and sight-seeing, including a walk to the camel market just blocks from our hotel, there were rumors of an anti-American demonstration. Confined to our hotel we were told to have our bags packed and wait. After a few hours, by the telephone in our rooms, the call came to meet in the lobby immediately. Buses to take us to the airport were on their way; we were told to move rapidly when they arrived.

As I remember it was early afternoon when the buses arrived, and with military precision we boarded. With an escort we headed for the airport; the buses drove on the airfield and stopped by the plane, which had already been loaded with concert equipment. We had skipped the cus-

tom procedure and were airborne within minutes. A few years ago during the U.N. presence in Somalia I was reminded of our departure, and recognized a few landmarks in the evening television coverage.

When I look at my Somali notes I'm reminded of an enjoyable time in Mogadishu, the capital, where most of the people were

receptive to our visit. From a boy on the street I purchased a set of antelope horns for about fifty-cents; the 5-scellini has the image of an antelope. As I remember we had some interesting food with an Italian influence; there had been an Italian presence there during the first half of the 20th century. But I also remember our rapid exit from a country that today remains in crisis. ❖

(Reprinted with permission from *Coin World*
January 25, 1999)



On a State Department-sponsored tour of African countries, author/musician Gene Hessler purchased a set of antelope horns for about 50¢. The 5-scellini note, Pick-1, he acquired on the trip has an antelope image.

Letter to the Editor

Dear Peter and Fred,

Last night I read every word in Peter Huntoon's SUPERB article about Col. E.H.R. Green in the Jan/Feb issue of *Paper Money*. I think this is one of the best done and most interesting articles I have ever read in ANY numismatic publication. Congratulations.

Eric P. Newman, while a student at MIT, used the Green radio station to help a surgeon communicate with the Adm. Byrd expedition in Antarctica, to guide someone down there through the procedures of an appendectomy. It turned out okay. Col. Green put many of his single notes (not sheets) into cellulose nitrate holders. These leached the moisture/oil out of the notes, causing them to become brittle and in some instances fall apart into chips and pieces--a tragedy.

Best to all, and, again, Peter, this is a *tour de force*. Congratulations!

-- Dave Bowers ❖



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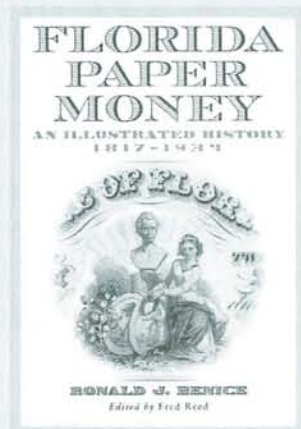
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Mrs. J. A. Henry, National Bank President

By Karl Sanford Kabelac

OKLAHOMA WAS NOT YET A STATE WHEN THE FIRST National Bank of Leger (charter #6113) was founded in 1902. The founding president was John Armstrong Henry. Two years later the name of the community was changed to Altus, and thus the bank became The First National Bank of Altus.

Altus is the county seat of Jackson County. It is in the southern part of the state, just north of the border with Texas. Its post office was established in 1890. The community perhaps drew its name from the fact that it is on higher ground than nearby land, and from the fact that an early settler was from Altus, Arkansas. From 1901 to 1904 it was named Leger after a railroad official, but then the name was changed back to Altus.

Mary (Elda) E. Cobb was born in Bonham, Texas, on February 22, 1879. She married John Armstrong Henry on May 10, 1899.

Shortly after his death on March 7, 1925, she was elected president of the bank. In an article in the Altus newspaper headlined, "Wife Succeeds Henry in Bank" it was noted that although she would be president, she would not be

the active head of the bank. That role would be in the hands of the active vice president and the cashier.

Unfortunately, five and half years later, local economic conditions forced the closing of the bank on September 22, 1930. Early hopes to reopen it did not come to be.

Mrs. Henry died in Norman, Oklahoma, at the age of 91 on August 19, 1970. She was survived by a son and a daughter, grandchildren and great grandchildren.


Sources and acknowledgments

Past issues of *The Altus Times-Democrat* have been most helpful. The March 13, 1925, issue carried two articles relating to the bank following the death

of J. A. Henry. The September 22 and 23, 1930, issues carried articles about the closing of the bank, and the August 23, 1970, issue carried Mrs. Henry's obituary. Cecil Chesser, *Across the Lonely Years; the Story of Jackson County* (1971), p. 280-281, has information about the Henry family. The help of Tammy L. Davis of the Southern Prairie Library System in Altus is gratefully acknowledged. ❖

A Series 1929 note from a 1992 CAA auction with Mrs. J. A. Henry's facsimile signatures as president of the bank. It is one of only 2, 298 Series 1929 notes issued by the bank. (Courtesy Heritage Auctions)

OKLAHOMA



2124 Altus - \$10.00 Ty. 1 The First NB Ch. # 6113

An extremely rare note, with no offerings from this bank since an appearance on a 1968 price list, but especially desirable because Mrs. J.A. Henry signs as President, a most unusual signature on a small size national. **Very Good-Fine.** (250-400)

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Anna M. Stenz, National Bank President

By Karl Sanford Kabelac

Anna M. Newcomer, a native of Ohio, was born in September 1843. Her first marriage was to Oren (or Orrin) W. Head, a widower, who died in 1882. Nearly two decades later she married Henry P. Stenz, a Monroeville, Ohio, banker and landowner.

He had been the cashier of the Exchange Bank in Monroeville, which became the First National Bank of Monroeville in 1879 (charter #2438). He served as cashier and then president of the national bank until his death on June 9, 1903. A week later, on June 16, Anna was elected president of the bank to succeed him.

She served a little over a year, when at the bank's annual meeting of July 11, 1904, she became the first vice president of the bank, and Pitt Curtiss of Norwalk became the president. The *Norwalk [Ohio] Daily Reflector* of that day reported that she had been a very efficient president "but her other large financial interests require so much of her time, that she finds it impossible to give the bank affairs the attention their great importance requires." However, she retained all her interests in the bank and stood ready to "give the officials the benefit of her knowledge and good judgment."

Curtiss apparently served for up to two years. She then resumed the presidency until the national bank was voluntarily liquidated shortly thereafter, on October 23, 1906. It reopened the next day as the Monroeville Branch of the Euclid Avenue Trust Company, a Cleveland bank. She was a stockholder in the new bank.

To this day, she is remembered in Monroeville as the donor of a monument to the soldiers and sailors of Monroeville and Ridgefield Township. The dedication events and ceremonies on September 29, 1904, brought thousands to the community. In her remarks that day she expressed her pleasure in presenting the memorial to the heroes who defended our country. She expressed the hope that it would teach "lessons of patriotism to the youth of this vicinity – an influence for good forever."

She died in Monroeville on May 16, 1914. An obituary noted that she "was a thorough-going business woman for a number of years, at one time president of a bank in Monroeville, and later associated with the S. N. & M. electric railway as a member of the board of directors."

Her will distributed an estate estimated at \$250,000, which was left to relatives of each of her two late husbands, her own relatives and friends, and various public institutions. In total there were over 65 bequests in the will.

Sources

Various dates are given for Anna M. Stenz's birth. I have used that in the 1900 federal census. Unfortunately, few issues of the Monroeville newspaper are available, at least on microfilm. Fortunately the Norwalk (the county seat) newspapers carried some Monroeville news. The *Evening Herald* carried Henry P. Stenz's obituary on June 10, 1903; Anna's election to the bank presidency on June 17, 1903, and again mentioned on June 26; her becoming first vice president of the bank on July 12, 1904, and the dedication of the monument in Monroeville on September 28 and 29, 1904. Her obituary is found in the *Norwalk Reflector-Herald* for May 16, 1914, and the probate of her will in the issue for May 21, 1914. The *Norwalk Reflector* also covered these events, with longer articles on her relinquishing the bank presidency on July 11, 1904, and the legal change in the bank's operation on October 24, 1906. ❖

Henrietta R. Temple and Jennie M. Temple, National Bank Presidents

By Karl Sanford Kabelac

HENRIETTA R. TEMPLE AND LATER HER DAUGHTER-in-law, Jennie M. Temple, served as presidents of what was originally The First National Bank of Plum Creek, Nebraska, and then became The First National Bank of Lexington, Nebraska when the community's name was changed from Plum Creek to Lexington in 1889.

Henrietta Rice was born on April 25, 1826, in Bedford, PA. She married Nathaniel Temple, also a native of Pennsylvania, in 1846. They settled in that part of Virginia that became West Virginia during the Civil War and were the parents of four sons and a daughter. Nathaniel died in 1869.

In 1874, the family moved to Osceola, IA. The eldest son became a lawyer and lived his life in that community, but the rest of the family moved to Plum Creek, NE in the early 1880s. Harry Vane Temple and his brother Edgar Clarence founded the Dawson County Bank in Plum Creek in 1882. Later that year, Edgar Clarence died, and the youngest brother, Frederick Lee Temple, became associated with his older brother in the bank.

The bank received a national charter as The First National Bank of Plum Creek in 1885 (charter #3292). Harry's obituary notes that "his deep affection for his mother led him to insist on giving her the position of president of the bank." Although not the first woman president of a national bank, she was the first woman founding president of a national bank. Harry served as the cashier of the bank.

Lexington is the county seat of Dawson County. It is on the Platte River in south central Nebraska and was incorporated in 1874. Historically, and continuing to this day, it is a regional trade center.

The bank's handsome three-story building was completed in 1891 in the growing community that then had a population of 1,300 people. This building, red sandstone on the first floor and brick on the second and third, stands 72 feet from the ground level to the top of its turret.

An 1893 bank directory lists Henrietta as the president, daughter Emma as the vice president, son Harry as the cashier and son Fred as the assistant cashier. The next year, *The Washington Post* in its "People in General" column noted, "The First National Bank of Lexington, Neb., has for its president Mrs. H. R. Temple and for vice president Miss E. A. Temple."

Henrietta died at the family residence in Lexington on July 29, 1899. Her obituary noted she "was a woman of strong character and sterling qualities." It also noted she was the president of the bank at the time of her death.

With his mother's death, Harry became president of the bank and his brother, Frederick, the cashier. Harry died in 1912. His widow, the former Jennie May Reynolds whom he had married in 1881, succeeded him as president. Frederick continued as cashier.

The bank was voluntarily liquidated on July 10, 1919, being absorbed by the Dawson County State Bank. That bank, in turn, merged with the Lexington State Bank in 1934. Jennie died in 1930 at the age of 65 and was survived by their five children.



The handsome building built by the First National Bank has stood in downtown Lexington for nearly a century and a quarter. Its exterior has changed little during that time. It housed successive banking facilities until 1968 and today houses The Pinnacle Agency, an insurance and real estate company. (Courtesy Terry Delp and Bill Linn, Lexington NE)

During the 34-year history as a national bank, the bank issued a unique mix of national bank notes, none of which are known to survive. Early on they issued 4,452 Series 1882 brown back five-dollar bills under their first name, and another 8,200 under their second name. But the only other notes they issued were 478 Series 1882 and Series 1902 fifty-dollar notes and a like number of one hundred-dollar notes. The total value of notes issued was \$134,960 of which \$12,500 was in circulation when they closed.

Sources and acknowledgments

I am grateful to the Dawson County Historical Society in Lexington which supplied typescripts of the obituaries of Harry Vane Temple and Jennie M. Temple as well as an article from the *TRIBscope* of January 30, 1979, on the Temple family, and a copy of the obituary of Henrietta Rice Temple from the *Dawson County Pioneer* of August 5, 1899. Terry Delp and Bill Linn of The Pinnacle Agency, the current owners of the bank building, provided photographs of the building as well as several articles about the building. Also useful was Jerome Walton, *A History of Nebraska Banking and Paper Money*, 1978. ❖

Researcher compiles narratives on female national bank presidents

KARL SANFORD KABELAC IS A RETIRED SPECIAL collections librarian in Rochester, New York. He was born in Ithaca, NY and grew up in the village of Aurora, which is about 25 miles north of Ithaca on the eastern shore of Cayuga Lake in the Finger Lakes region of central New York. His mother's father's family (the Lyon family) had lived in the area since the early 1800s.

As a child he would visit his widowed Grandmother Lyon who then lived in Ithaca. A special treat would be when she would go downtown to access her safe deposit box. She would show him various items, including the deed to the farm her father had homesteaded in Oklahoma, and several old large-size United States ten dollar bills with the name of the Aurora bank. They had his grandfather's signature, S. G. Lyon, on them. She would explain that he had signed them because he was president of the bank. She would also mention how hard it had been not to spend them during the depression. Thus, early on Karl learned about national bank notes. (He has written an article on the bank, which was published in *Paper Money*, May/June 2004.)

Fast-forward 45 years to the late 1990s and Karl, now retired, is a research assistant to Jan Gleason, who is researching and writing a biography of her husband's great aunt, Kate Gleason (1865-1933). Kate was a pioneering woman engineer, the first woman engineering student at Cornell University, and the first woman elected to membership in the American Society of Mechanical Engineers. She was also the president of the First National Bank of East Rochester from 1918 to 1920. She thought, and publicly stated, that she was the first woman president of a national bank in the United States.

Karl set about to see if that was true. He contacted the Society of Paper Money Collectors and Bob Cochran quickly responded that he had a note signed much earlier by a woman

vice-president, and that Frank Clark had created a list of woman signers of national bank notes: presidents, vice-presidents, cashiers, and assistant cashiers. Karl was soon in contact with Frank, who gladly provided him with the list.

Obviously, Kate was wrong. There were a number of earlier woman presidents. But who were these women? How did they happen to become presidents of their banks? Intrigued, Karl set about to find out, researching and writing short biographical articles on each woman president whose signature has appeared on a national bank note through the national bank note period which ended in 1935.

Kate Gleason became the subject of this first article, published in *Paper Money*, May/June 1999. In the succeeding decade he has published two dozen articles on this topic, and is

in various stages of researching and writing the rest, perhaps another 20.

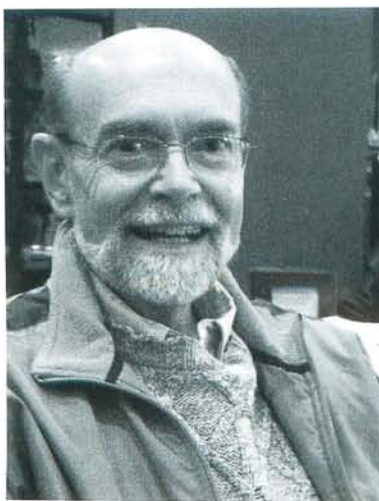
Frank Clark's list was a wonderful start. And in various ways (skimming Comptroller of the Currency annual reports, doing key word searches in various newspaper databases, doing Google searches, reading auction catalogs, etc.) he has added to the list.

Early on he hoped to be able to illustrate each article with a national bank note signed by the subject. But he has come to realize that none probably exist for some of the women presidents.

He hopes, when finished with the individual biographical articles, to then write an article drawing conclusions in answer to his initial questions as to who

these women were and how they happened to become presidents of their banks.

And although he has found that Kate Gleason was not the first by almost forty years, she still holds one important distinction -- she is the only woman national bank president who did not have family ties to the bank before assuming the presidency. ❖



The Professor and a Paper Panacea: **Irving Fisher**

and the Stamp Scrip Movement of 1932-1934
By Loren Gatch

THE GREAT DEPRESSION PROVOKED NUMEROUS ISSUES of scrip and other local currencies in the United States. Of these many issues, the most exotic examples were the so-called "stamp scrip" issues between 1932 and 1934, when hundreds of communities across America issued forms of scrip that required the placing of some type of stamp to keep it circulating.¹

While the actual beginnings of the American stamp scrip movement are uncertain, its inspiration clearly lay in the ideas of Silvio Gesell, a German monetary theorist of the early 20th century who proposed a reform of money that would make it lose value at a predetermined rate. In earlier experiments in Europe, this money took the form of a paper currency designed to keep its face value only so long as its users placed stamps on the back of the note. Otherwise, the longer it circulated the greater the discount at which the note traded.

In America, the stamp scrip movement took a different turn, borrowing Gesell's innovation, but for different reasons. Thanks to the publicity efforts of Professor Irving Fisher of Yale University, stamp scrip briefly appeared on the national scene as a promising antidote to economic hard times. This article describes briefly Gesell's ideas about money, and then turns to how the stamp scrip movement promoted by Irving Fisher played out in the United States.

Silvio Gesell's Monetary Ideas

Like many other unorthodox or radical monetary thinkers, Silvio Gesell (1862-1930) proposed reforms of the monetary system as a solution to many other social problems such as crime, poverty, and war. Two features of modern money, in Gesell's view, accounted for its central role in human misery. First, unlike the goods and services that money buys, money itself does not rust or spoil; this gave money and its users an unfair market advantage over the producers of useful but perishable things. Secondly, Gesell observed, most monetary media came into being only through the existence of some interest-bearing debt (such as a bank loan giving rise to a deposit credit). To Gesell, this basic feature of modern banking imposed a scarcity tax upon the money supply, requiring the users of money to pay continual tribute to the creators of deposit credits, namely the bankers.

Taken together, Gesell's ideas about money and credit were an indictment of the modern financial economy. The payment of interest, in his view, did not reward saving, but merely served to encourage the holders of money to part with



Silvio Gesell,
the innovator of stamp scrip.

their hoards. Bankers were nothing more than financial parasites whose control over the creation and supply of money allowed them to feed on the vitality of the producers of real goods and services. For Gesell, the solution to this was both fundamental and simple: change the nature of money, and the power of money over man would dissolve. In particular, Gesell advocated a government-issued money supply designed to lose incrementally in value over time. Gesell named this money *Freigeld* ("free money")—meaning that it was a medium of exchange that served its users, rather than imposed a burden upon them. Followers of Gesell's ideas on money and ground rent in turn promoted the ideal of the *Freiwirtschaft*, or the "Free Economy"—an economy in which neither the monetary system nor the laws of property allowed one group of people to take unfair advantage of the other. In Gesell's view, a tax on money leveled the playing field between holders of money and producers of goods. It would also stimulate holders of money to spend, knowing that the longer they held money, the less it would purchase. Over the long run, Gesell believed, this reform would lead to the abolition of interest on money, thus breaking the power of the bankers over economic life.²

While Gesell's ideas had a following in Europe, elements of his thinking also resonated in Depression-era America. In the 1930s, desperation was the mother of monetary invention. Stamp scrip's popularity really took off with the success of Charles J. Zylstra's plan in Hawarden, Iowa. The Hawarden experience was subsequently given publicity by Prof. Irving Fisher, the prominent monetary economist, as an example to be promoted to other American cities.³

Irving Fisher and Stamp Scrip

Irving Fisher (1867-1947) was perhaps the greatest American economist of the 20th century. His interests spanned both economics and other social reforms. In particular, he is known as a pioneer in the development of index numbers—those numerical artifacts we use to describe just about every aspect of our modern economy. Since 1911, his academic career had focused upon the changing purchasing power of the dollar. Now, twenty years later, he analyzed the causes of economic collapse in his 1932 book *Booms and Depressions*.

There, Fisher diagnosed the depression as a vicious circle of falling prices and debt liquidation. As prices fell, Fisher reasoned, people owing money cut back on borrowing and spending to pay their debts, the value of which were increasing in real terms. Yet debtors' cutting back had the perverse effect of shrinking the volume of deposit credits, which in turn pushed prices even lower, and the value of remaining debts higher. In effect, the higher the value of money (as measured by the lower price level), the less people were willing to spend their dollars, preferring to hoard them.

To break this absurd spiral, Fisher looked for ways to make people spend (in technical terms, to increase the "velocity" of circulation). When prices fell during a depression, the value of money in peoples' pockets rose just by it sitting there. They had no incentive to use it, so velocity slowed and prices fell further. If the value of money in people's pockets could be made to fall, then people might be more willing to get rid of it. Gesell's stamp scrip designed to lose value over time was one possible way. Fisher suggested among other things a national issue of stamp scrip, which, he boldly claimed, "offers the most efficient method of controlling hoarding and probably the speediest way out of a depression."⁴



Professor Irving Fisher
of Yale University.

The Hawarden Experiment

While not the first example of American stamp scrip, the experience of Hawarden, Iowa, gained so much national publicity that its details foreshad-

On This Date in Paper Money History -- Mar. 2009

By Fred Reed ©

Mar. 1

1760, New Hampshire Colonial Currency (FR103-104) bears this date; 1781, ratification of Articles of Confederation pledges U.S. to honor prior bills of credit and debts incurred by Congress;

Mar. 2

1867, Senate confirms appointment of Jeremiah Fenno to be collector of internal revenue for the 4th district of Maine, which eventually sets up the Supreme Court case of *Veazie v. Fenno* which upheld the 10% tax on state chartered bank notes; 1886, encased stamp issuer Boston merchant Joseph L. Bates dies;

Mar. 3

1817, Congress charters Franklin Bank of Alexandria, D.C.; 1863, Congress authorizes Gold Certificates; 1923, Lincoln signs Act setting up Freedman's Savings & Trust Co.;

Mar. 4

1619, Anne of Denmark, who appears in vignette "Presentation of Pocahontas at Court," dies; 1921, Andrew W. Mellon takes office as Treasury Secretary;

Mar. 5

1861, CSA Treasurer Memminger orders all U.S. funds held on account be paid into the Confederate Treasury; 1927, *Liberty* magazine reports on the "unlucky \$2 bill";

Mar. 6

1867, Gettysburg Asylum for Invalid Soldiers issues scrip; 1933, FDR's "Bank Holiday" commences;

Mar. 7

1853, James Guthrie takes office as Treasury Secretary; 1871, first National Bank chartered in Wyoming (FNB Cheyenne, #1800);

Mar. 8

1817, 27 stock brokers adopt constitution for New York Stock and Exchange Board; 1894, BEP hires G.F.C. Smillie as engraver;

Mar. 9

1865, Hugh McCulloch takes office as Treasury Secretary for first time; 1933, Emergency Banking Act provides stabilization for distressed banks;

Mar. 10

1863, Third Issue of Legal Tender Notes bears this date; 1958, BEP establishes assistant chief for Office of Currency and Stamp Manufacturing;

Mar. 11

1774, New Jersey okays £100,000 in bills of credit; 1905, BEP engraver and U.S. Mint Chief Engraver Gilroy Roberts born; 1933, first delivery of Series 1929 \$5 FRBN;

Mar. 12

1829, paper money collector and benefactor Byron Reed born; 1869, George S. Boutwell takes office as Treasury Secretary; 1893, U.S. Treasurer James W. Hyatt dies;

Mar. 13

1832, Senate select committee favors renewing BUS charter for 15 years; 1867, Missouri appoints committee to count and destroy Union Military Bonds;

Mar. 14

1900, Congress authorizes national bank circulation to 100 per cent of deposits with government; 1932, banknote engraver Charles Skinner dies;

Mar. 15

1811, Austria declares bankruptcy; 1857, Mexican president decrees decimal monetary system; 1862, Abraham Lincoln makes his first purchase of government bonds, \$14,200 of 7-30 Treasury Notes;

Mar. 16

1739, Continental Treasurer George Clymer born; 1832, encased stamp issuer John W. Bussing born; 1919, silent film *Money Talks* debuts;

Mar. 17

1842, banks in Philadelphia resume specie payments briefly; 1865, deperate loan act of CSA Congress to OK \$80 million to pay arrearages to army fails for lack of quorum;

Mar. 18

1817, Bank of St. Louis \$10 note vignette provides earliest view of the river city; 1827, banknote engraver Gideon Fairman dies; 1869, George McCartee becomes BEP chief;

Mar. 19

1870, Boston Numismatic Society incorporated; 1975, U.S. Treasurer reports U.S. savings bonds hit record \$6.9 billion in calendar year 1974;

Mar. 20

1727, Sir Isaac Newton, who appears on Bank of England notes, dies; 1877, dealer John Haseltine elected corresponding member of American Numismatic Society;

Mar. 21

1617, Matoaka, a.k.a. Pocahontas, who appears on U.S. currency dies; 1865, Freeman Clarke begins tenure as Comptroller of the Currency;

Mar. 22

1813, engraver Jacob Perkins patents "vault lock for banks"; 1948, Series 472 MPCs issue; 2004, American Banknote stock symbol changes from ABNT to ABNTE;

Mar. 23

1775, Maryland female currency printer Anne Catherine Hoof Green dies; 1861, CSA appoints Gazaway Bugg Lamar its agent in NYC; 1875, City of Chattanooga, TN purchases addition scrip from Calvert Lithographic Co., Detroit;

Mar. 24

1855, Treasury Secretary Andrew Mellon born; 1875, Tennessee legislature passes Act to issue state Treasury Notes to redeem Bank of Tennessee circulation; 1962, John O'Hara's short story "Money" published in *The New Yorker*;

Mar. 25

1776, New Jersey Provincial Congress authorizes £125,000 in bills of credit; 1831, Louisiana charters West Feliciana Railroad Co. with banknote issuing privileges; 1892, bank note portrait engraver Charles Burt dies;

Mar. 26

1807, Spencer Perceval becomes British Chancellor of the Exchequer; 1874, ANS articles of incorporation and constitution adopted; 2004, ANA offers phone cards depicting Series 1929 \$5 NBN of First National Bank of Portland, OR note;

Mar. 27

1781, New York Colonial Currency (FR NY213-220) bears this date; 1694, Massachusetts General Court sets exchange rates for produce passing as currency;

Mar. 28

1896, counterfeiter Emanuel "Jim the Penman" Ninger arrested; 1961, first delivery of Series 1953B \$5 Silver Certificates;

Mar. 29

1830, Senate Finance Committee reports favorably on uniform national currency for the U.S.; 1870, Brooklyn Daily Eagle reports 50¢ Lincoln Fractional Currency will be replaced; 1993, "Paper Money" a song parody by Carl J. Klang copyrighted;

Mar. 30

1833, fire that destroys Treasury Building at Pennsylvania Avenue and 15th St. breaks out; 1868, former Treasury Secretary Salmon P. Chase presides over impeachment trial of President Andrew Johnson;

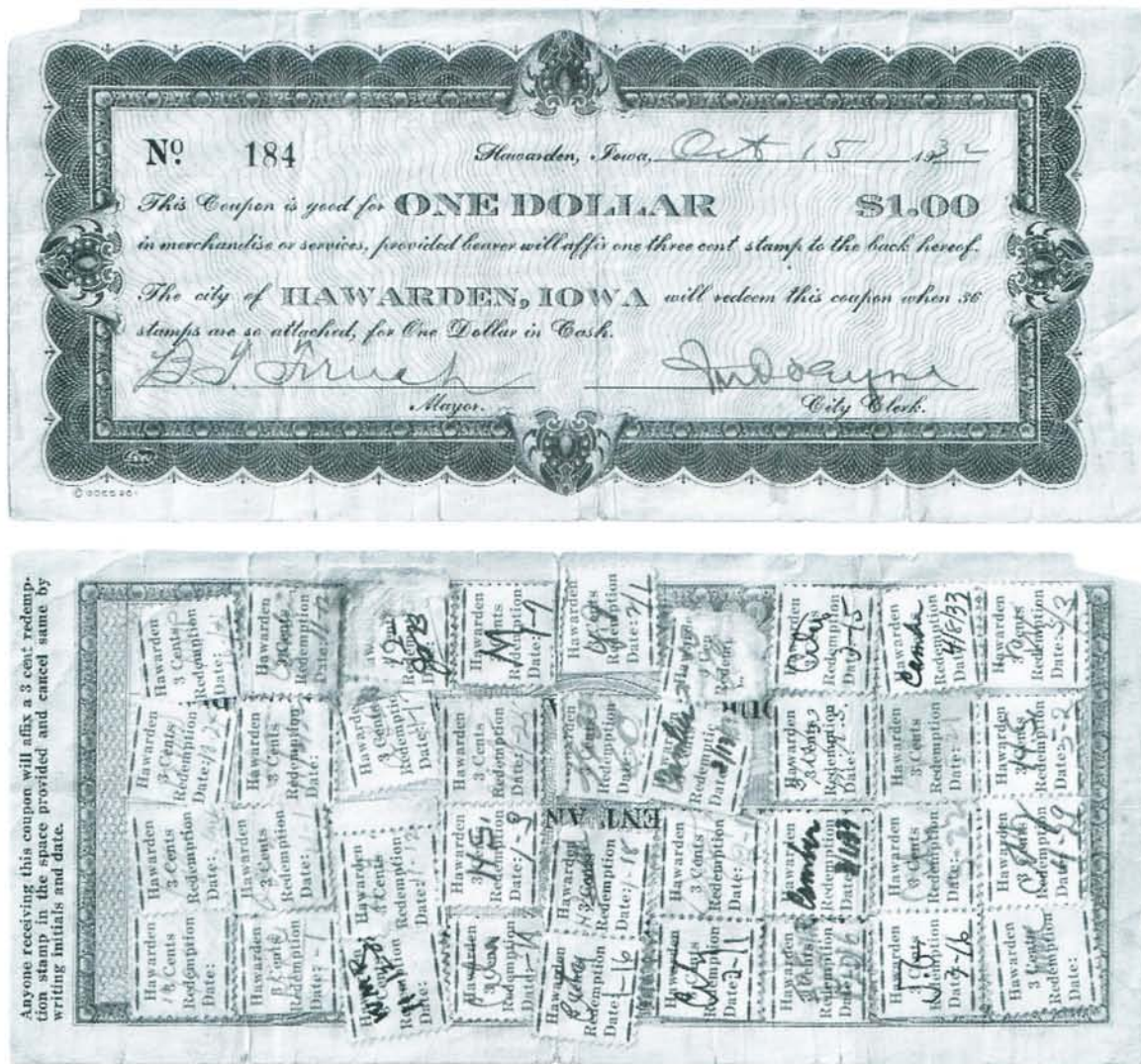
Mar. 31

1848, Toppan, Carpenter & Co. receive contract for U.S. Treasury notes issued under this act; 1850, John C. Calhoun, who appears on CSA and southern notes dies; 1869, BEP contracts with J.M. Willcox & Co. to supply localized fiber paper; ❖



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owed many scrip experiments to follow. In October 1932, a Hawarden businessman named Charles J. Zylstra proposed that his city issue one-dollar scrip to pay the unemployed to work on various community projects. Instead of backing the scrip with existing funds, Zylstra proposed that stamps be sold at three cents apiece; each time a scrip note circulated, the spender would place a stamp on the back of the note. When the note accumulated thirty-six stamps, it would be redeemed at its face value of one dollar. In the meantime, sales of stamps would create the redemption fund that extinguished the scrip (including eight cents for overhead—3 cents x 36 = \$1.08).



Hawarden scrip from October 1932
with stamps on back.

Zylstra knew of Gesell's ideas, but contended with a very different mindset: the suspicions and doubts of the good people of Hawarden. Carefully marshalling the support of fellow businessmen, Zylstra convinced the Hawarden City Council to issue an initial \$300 in scrip, paid to the unemployed at \$1 a day for road work. Despite the skeptics, the plan worked, and attracted intense attention from outside the small community. Irving Fisher visited Hawarden in late October 1932, shortly after the experiment began, and his endorsement gave the small Iowa town national visibility. "Stamp scrip," he pronounced, "offers the most promising method of a quick way of snapping us out of the depression." As Zylstra later wrote to Fisher, "somehow people will be able to buy the things they need to live, or the pressure can not be retained and revolution will result." Stamp scrip in Hawarden, he later explained, served to "increase buying power, relieve suffering and provide a credit to the community

On This Date in Paper Money History -- Apr. 2009

By Fred Reed ©

Apr. 1

1778, the dollar sign "\$" is created by Oliver Pollock (Pollack), a New Orleans businessman, according to one tradition; 1865, first shipment of \$1 and \$2 NBNs sent to First National Bank of Akron, OH; 1879, Refunding Certificates bear this date;

Apr. 2

1861, CSA \$100 and \$500 note sheets arrive in Montgomery, AL from NBNCo, NYC; 1914, Federal Reserve announces plans to establish 12 districts;

Apr. 3

1729, Benjamin Franklin publishes pamphlet *A Modest Inquiry into the Nature and Necessity of a Paper Currency*; 1832, Stephen Girard incorporates Stephen Girard's Banking House; 1869, beginning of Allison-Spinner combined tenure;

Apr. 4

1862, Manchester, VA postmaster E. Matthews begins issuing fractional scrip; 1883, Peter Cooper, first Presidential candidate of Greenback party, dies;

Apr. 5

1829, British Parliament deadline for redemption of all notes less than five pounds; 1861, President Lincoln deposits his first salary warrant at Riggs & Co., Washington;

Apr. 6

1818, robbery of \$104,000 forces Farmers and Mechanics Bank of Pittsburgh to liquidate; 1863, CSA currency sixth issue; 1909, first credit union formed in U.S.;

Apr. 7

1862, CSA Senate considers issuing notes in denominations of \$1.50, \$2.50, \$3.50 and \$4.50; 1898, CSA currency dealer George W. Massamore dies;

Apr. 8

1814, first banknotes delivered to Netherlands Bank; 1833, first meeting of directors of Citizens Bank of Louisiana, issuer of the famous dix notes;

Apr. 9

1626, British essayist Francis Bacon, who wrote "money is like muck, not good except it be spread," dies; 1863, First National Banking Assoc. of Portsmouth, NH forwards collateral securities attempting to become first nationally chartered bank but its proposed name rejected by Comptroller of Currency, and was eventually chartered as FNB of Portsmouth with charter #19;

Apr. 10

1816, Congress authorizes loan to fund its subscription to Second Bank of the United States; 1880, Louisiana authorizes issue of state "Baby Bonds";

Apr. 11

1863, first national bank organized in New York, FNB of Syracuse, charter #6; 1930, Treasury Secretary Nicholas Brady born;

Apr. 12

1862, CSA authorizes \$50 million in treasury notes without reserve, and \$10 as reserve fund; 1866, Congress limits Greenback redemption in currency contraction; 1902, Act of Congress creates Third Charter Period;

Apr. 13

1743, Thomas Jefferson (FR 42-60) born; 1864, southern newspapers report CSA issue of a million 20-cent green Washington postage stamps for use as small change;

Apr. 14

1862, Richmond, VA issues municipal scrip for fractions of dollar; 1867, New York Times reports confession of notorious counterfeiter Charles Ulrich, who faked almost perfectly \$100 Compound Interest Treasury Notes;

Apr. 15

1865, on news of Lincoln's assassination, greenback dollar fell from 68¢ to 60¢; 1872, Lincoln, Nebraska officials receive bill from Continental Bank Note Co. for printing \$1 and \$2 municipal scrip depicting deceased President Abraham Lincoln;

Apr. 16

1833, spurious Bank of Pennsylvania notes payable to "Henry Clay" circulate; 1869, Third Issue of Fractional Currency ceases, according to U.S. Treasurer Jas. Gilfillan;

Apr. 17

1790, Pennsylvania Colonial Currency printer Benjamin Franklin dies; 1862, CSA authorizes \$165 million interest-bearing treasury notes \$100 and higher;

Apr. 18

1863, W.E. Hilton advertises \$500 in facsimile Confederate notes for \$5 in *Harper's Weekly*; 1900, banknote engraver Alfred Jones dies;

Apr. 19

1764, English Parliament bans American colonists from issuing paper money; 1933, U.S. officially abandons gold standard;

Apr. 20

1864, Anthony Berger takes photo of Lincoln destined to be model for engraving on 50¢ Fractional Currency; 1890, encased stamp issuer George W. McAlpin dies; 1939, BEP produces first Food Stamps;

Apr. 21

1671, infamous financier and paper money issuer John Law born; 1879, Treasury Secretary John A. Dix dies; 1960 first numbered issue of *Coin World* features Florida paper money dealer Grover Criswell on front page;

Apr. 22

1729, Continental Treasurer/Treasurer of U.S. Michael Hillegas (FR 1167-1173) born; 1899, Lincoln currency, engraved and other portraits exhibited at New York's Grolier Club; 1985, Christies sale of Norweb family collection of Canadian paper money;

Apr. 23

1564, traditional date of birth of William Shakespeare, honored on Bank of England and New York obsolete notes; 1860, National Bank Note Co. patents geometric cycloidal configurations as counterfeit deterrent;

Apr. 24

1872, John Jay Knox begins tenure as Comptroller of the Currency; 1959, BEP Director James Wilmeth dies; 1964, Treasury Secretary Dillon rescinds restriction on owning Gold Certificates issued prior to Jan. 30, 1934;

Apr. 25

1891, beginning of Rosecrans-Nebeker combined tenure; 1985, *A Financial History of Western Europe* by Charles P. Kindleberger copyrighted;

Apr. 26

1910, A. Piatt Andrew publishes "National Monetary Commission Financial Diagrams," documenting national and state banks; 1965, a Fractional Currency article by highschooler Fred Reed is featured in *Linn's Weekly Stamp News*;

Apr. 27

1863, CSA authorizes notes less than \$1; 1913, Thomas P. Kane begins tenure as acting Comptroller of the Currency;

Apr. 28

1758, James Monroe (FR 336-342) born; 1952, BEP program to convert to 18-subject currency plates initiated; 1969, Series 651 MPCs issued;

Apr. 29

1858, articles of agreement by seven competing bank note companies creates American Bank Note Co.; 1977, first NASCA mail bid sale;

Apr. 30

1853, Louisiana Free Banking Act; 1955, Imperial Bank of India nationalized; 1975, U.S. embassy burns \$5 million in currency before bailing out of South Vietnam; ♦



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without having them pay interest.”⁵ Thanks to the national attention generated by Fisher, scores of stamp scrip experiments sprouted across the country. A second issue of \$1,000 Hawarden scrip followed in March 1933, and in Iowa alone over a dozen small towns followed suit.

Stamp scrip experiments like Hawarden's had occurred before Fisher took up the cause, notably in Anaheim, California. But Fisher's syndicated newspaper articles in support of the Hawarden idea ignited national interest, eliciting hundreds of letters from community leaders across the America wishing to establish their own scrip plans, letters that are now archived at the New York Public Library. In mid-1932, the elder Fisher befriended Hans R. L. Cohrssen, a young German follower of Gesell living in New York City, who had published a noteworthy article in the *New Republic* about the use of a stamp scrip known as “Wara” in the German town of Schwanenkirchen. With Cohrssen as his assistant, Fisher endeavored to respond to the flood of letters by producing a small manual entitled *Stamp Scrip* for would-be issuers of the new medium.⁶ (For those interested, this book is posted on the web at <http://userpage.fu-berlin.de/~roehrigw/fisher/>)

Fisher himself was no fan of Gesell's ideas about money and interest. But he did like the idea that stamp scrip might stimulate spending, and thus increase the velocity of money. The big concern of Fisher and Cohrssen was that Hawarden's example put forth ‘transaction’, rather than ‘time’, stamp scrip as a model for the rest of the country. That is, Hawarden's scrip required a stamp for each instance it was used, rather than a stamp for every set period (a week, say). Unlike earlier European experiences with stamp scrip, most experiments in the United States operated on the transaction basis, with stamps placed only when a transaction took place. In their book *Stamp Scrip*, as well as in correspondence with numerous scrip activists, Fisher and Cohrssen tirelessly argued that stamp scrip best circulated when it lost value over time unless the proper stamps were placed on it.

Moreover, whereas stamp scrip notes in Europe were designed to stimulate spending by losing only a certain percentage of value each year, the stamping features of American scrip made it “self-liquidating,” meaning that a note circulated until it acquired enough stamps to match the its face value. This could require a note to eventually bear as many as 50 stamps, depending upon the denomination. The American versions of stamp scrip were inconvenient to say the least, and encouraged users of scrip to avoid the stamping requirement.

Why would such an unusual form of scrip suddenly become so popular after mid-1932? The use of stamps to validate a financial instrument did have precedents. Liberty Bond subscriptions during World War I were funded in part by the purchase of stamps, which accumulated to the denomination of the bond. Similarly, thrift schemes among the poor involved affixing stamps to savings cards, which would be deposited with savings banks when the cards reached a round dollar number. In short, the device of stamping was familiar to Americans.

Moreover, by the third year of the grinding economic downturn, it was clear to many Americans that those older remedies of thrift and charity no longer sufficed. While most were ignorant of Silvio Gesell's economic theories, stamp scrip itself was appealing for a number of reasons. Municipalities saw it as a way to support the unemployed, by paying for public works using a medium of exchange designed to fund itself. On a larger scale, stamp scrip promised to plug the gap in public revenues: paid in wages to public employees, such scrip would enable citizens to fund government services by purchasing stamps, rather than paying taxes. Chambers of commerce and other local business organizations promoted stamp scrip as a stimulus to trade, and to keep dollars in their communities. In particular, local business groups wielded stamp scrip as a weapon against the hated chain stores, whose financial obligations to outside jobbers

SPMC St. Louis 2008 Board Meeting St. Louis, MO Meeting date October 17, 2008

Present: Mark Anderson, Benny Bolin, Rob Kravitz, Fred Reed, Robert Vandevender, Neil Shafer, Pierre Fricke, Matt Jantzen

Appointed non-Board members: Frank Clark, Bob Moon, Jeff Brueggeman

Board not present: Judith Murphy, Jamie Yakes, Wendell Wolka; Bob Cochran

Guest: Larry Schuffman

Call to Order: The meeting was presided over by President Benny Bolin and began at 4:06 p.m. CST.

Minutes of Last Meeting: The minutes from the 2008 Memphis meeting were approved.

Treasurer's Report: Bob Moon gave the September 30, 2008, financials which showed a negative activity, but Mr. Moon reminded the group that two editions of PM had been paid out of this quarter. No objections were voiced and the financials were accepted.

Treasurer Moon gave an update on the suspension by the IRS of our 501c(3) state and non-profit organization status due to no forms being filed or payments since 2002. He found out that all correspondence with the IRS had been going to a twice removed officer who had not forwarded those to the current officers. The Treasurer has now filed all forms and both of our statuses will be reinstated within 30 days.

It was brought up that in order to ensure that this not happen again, that all officers and appointees with duties write them down in a step-by-step format to be incorporated into an operating manual.

The board unanimously gave its accolades and thanks to Mr. Moon for all his hard work in getting this done.

By-laws update: Mark Anderson passed out copies of the newly revised by-laws as discussed in the August conference call for discussion and approval. All changes proposed during the conference call were added. Neil Shafer made a motion to approve and Robert Vandevender seconded. The motion passed unanimously.

Membership: Frank Clark provided an update on the membership status. Jason Bradford leads the way with new member recruiting.

A discussion was held related to retention of new members. It was proposed that the secretary send second notices via postcard to any members who have not paid dues for the next year, each December 1st. It was also proposed that a second postcard be sent along with an email list of non-renewals

be provided to the board each January 15th. It was further proposed that non-renewals for 2008 be sent one reminder postcard ASAP. (This was undertaken by the Editor.)

Fred Reed proposed that we do a trial run of inserting our membership applications into a future issue of *Paper Money Values*. He has investigated this and to do a run (11,000 copies) would cost us approximately \$3,200. A motion by Fred and seconded by Rob Kravitz was unanimously passed. Fred was appointed by the President to design the ad and coordinate the effort. A discussion as to the metric used to measure success was held, and it was felt that while 200 new members would be desired, 100 would be considered a success.

Memphis Breakfast: A discussion was held related to the IPMS breakfast and Tom Bain Raffle. The Memphis Crown Plaza is willing to host the event at a much reduced rate with better accommodations, venue and food. We will authorize Judith to negotiate a contract with them for 75, but with additional capabilities if advance ticket sales show a need. The tickets will need to be sold in advance this first year, preferably at CPMX. Mark Anderson urged all to figure out ways to make this transition fun and one that will attract members to walk the short distance to the new location. Ticket prices will be discussed and decided on during the Jan/Feb conference call.

Liana Grant: President Bolin gave an update from Gene Hessler that he was able to send copies of *The Engraver's Line* and *The International Engraver's Line* to 100 libraries. Congratulations and thanks Gene.

Educational project: A discussion was held about next steps in paper money grading. Neil Shafer has had discussion with the IBNS, and it is felt that the two societies will never come to agreement on standards. The board decided that the best way to approach this is to support an educational process instead of developing standards. It was felt that printed plus video links on our web page would be the best way to proceed. Frank Clark will talk to David Lisot about developing videos for the society and report back at IPMS.

President Bolin adjourned the meeting at about 5:30 p.m. ❖

Letter to the Editor

Dear Fred,

For those who attempted to log onto our web site of Tennessee scrip, as described in the Nov/Dec issue of *Paper Money*:

Sorry for the problems logging into the website. We had a security problem at the website and have added a username as well as the password. After you select Tennessee Merchant Scrip on the left of the main page at <http://www.schafluetzel.org> you will be asked for the username and password:

Username is SPMC

Password is SPMC6000

(Be sure to capitalize SPMC in both)

-- Dennis Schafluetzel ❖

and suppliers made them averse to accepting a purely local scrip.

In short, the stamp scrip idea spread because it meant different things to different people. Yet given the inherent difficulties of circulating such scrip, most experiments took place in small towns across America—close-knit communities where stamping could be policed—and involved issues of only a few hundred or thousand dollars at the most. The larger issues, the more difficulties they encountered. Monetary theory—whether Gesell, or anybody else's—was not the chief concern of stamp scrip experiments in the United States.⁷

For his part, Charles Zylstra harbored ambitions for his idea. Not only did he copyright his version of stamp scrip and franchise it to other Iowa cities, but parleyed its success in Hawarden into his election to the Iowa legislature in the fall of 1932. There, Zylstra pushed successfully for a bill that authorized Iowa counties to issue stamp scrip on a larger scale to fund unemployment relief.

As the idea spread around the country, variations emerged in how the scrip operated. Many towns followed Zylstra's three-cent stamp per transaction arrangement, since that number of stamps comfortably filled the back of a dollar-sized note. Others used two cents or one cent, especially for fractional denominations. Rock Island, Washington's "Dam Scrip" required 2½ cent stamps for its 25-cent note, while in New Philadelphia, Ohio, a 50-cent scrip required a 2½ cent stamp, and the 25-cent scrip a 1¼ cent stamp, per transaction. Given the small size of the typical stamp scrip issue, its design and printing was often done locally, though the Goes Lithographic company was a source of a number of stamp scrip formats, including one featuring a portrait of Franklin D. Roosevelt.

To protect against "cheating" (spending scrip without affixing a new stamp), many schemes required each stamp to be initialed, and thus cancelled, by its user. In other examples, such as the "Trade Warrants" of Monterey-

Outside of folded One Dollar Trade
Warrant of Santa Cruz, CA.
(Courtesy Depressionscrip.com)

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">40</td> <td style="width: 40%;">Trade Warrant Santa Cruz C. of C.</td> <td style="width: 50%;">Signature</td> </tr> <tr> <td style="text-align: center;">41</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">42</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">43</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">44</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">45</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">46</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">47</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">48</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">49</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> <tr> <td style="text-align: center;">50</td> <td>Trade Warrant Santa Cruz C. of C.</td> <td>Signature</td> </tr> </table>	40	Trade Warrant Santa Cruz C. of C.	Signature	41	Trade Warrant Santa Cruz C. of C.	Signature	42	Trade Warrant Santa Cruz C. of C.	Signature	43	Trade Warrant Santa Cruz C. of C.	Signature	44	Trade Warrant Santa Cruz C. of C.	Signature	45	Trade Warrant Santa Cruz C. of C.	Signature	46	Trade Warrant Santa Cruz C. of C.	Signature	47	Trade Warrant Santa Cruz C. of C.	Signature	48	Trade Warrant Santa Cruz C. of C.	Signature	49	Trade Warrant Santa Cruz C. of C.	Signature	50	Trade Warrant Santa Cruz C. of C.	Signature	<p>This Warrant is issued to accomplish a very worthy purpose and to furnish additional employment to persons in need.</p> <p>No individual, firm or corporation can be expected to accept more warrants than they can dispose of in their regular course of business and full cooperation between the persons involved in the transfer of the warrant should accrue.</p> <p>The public is earnestly requested to accept this warrant in "change" so as to aid unemployment relief.</p>
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\$1	TRADE WARRANT	\$1
MUST BE REDEEMED BEFORE SEPTEMBER 15, 1933		
Any Individual, Firm or Corporation is Authorized at his or its option to accept this Trade Warrant in exchange for ONE (\$1.00) DOLLAR in Merchandise, Services, etc.		
Each and every holder must endorse this warrant and affix a <i>two cent trade warrant stamp</i> at the time of transfer. This trade warrant will be redeemed out of funds received through sale of the trade warrant stamps affixed.		
When 50 stamps are affixed, present at bank for redemption at \$1.00.		
Issued to: <u>Wm. B. B. B.</u>		or bearer, who must endorse on line marked X on back.
COUNTERSIGNED: <u>Wm. B. B. B.</u>		ISSUED BY: TRADE WARRANT COMMITTEE, SANTA CRUZ CHAMBER OF COMMERCE OF SANTA CRUZ, CALIFORNIA
No 518	FIRST ISSUE	President

ENDORSEMENT OF FIRST HOLDER X *J. M. Rutledge*

SUBSEQUENT ENDORSEMENTS—USE ONE LINE ONLY. Endorsement does not constitute a guarantee. NO STAMP REQUIRED FOR THIS SIGNATURE

1 <i>J. M. Rutledge</i> Signature	14 JENSEN BROS. Signature	27 <i>C. C. Tyler</i> Signature
2 <i>J. M. Rutledge</i> Signature	15 CENTRAL ONE STO Signature	28 <i>G. P. Bone</i> Signature
3 <i>South American</i> Signature	16 <i>J. M. Rutledge</i> Signature	29 M. ABRAMS Signature
4 <i>Poultry Producers of Central Calif.</i> Signature	17 A. D. SGARL Signature	30 <i>SANTA CRUZ STEERING N</i> Signature
5 <i>M. D. B. B. B.</i> Signature	18 SAMUEL LEASK & SON Signature	31 <i>H. P. B. B.</i> Signature
6 <i>San Jose, Calif.</i> Signature	19 <i>SANTA CRUZ</i> Signature	32 <i>San Jose, Calif.</i> Signature
7 <i>Lease & Wolff</i> Signature	20 <i>Rowland</i> Signature	33 <i>S. M. B.</i> Signature
8 <i>SEACH CITY OREGRAND</i> Signature	21 <i>SEACH CITY OREGRAND</i> Signature	34 <i>San Jose, Calif.</i> Signature
9 NORMAN C. DOUGHTY Signature	22 <i>O. J. Cooper</i> Signature	35 <i>San Jose, Calif.</i> Signature
10 <i>Margaret M. Ship</i> Signature	23 <i>O. J. Cooper</i> Signature	36 <i>Mrs. Frank Mosco</i> Signature
11 <i>A. D. B. B.</i> Signature	24 <i>B. B. B.</i> Signature	37 <i>S. P. B. B.</i> Signature
12 <i>Mrs. J. B. B.</i> Signature	25 <i>Pacific Service</i> Signature	38 <i>San Jose, Calif.</i> Signature
13 <i>H. B. B.</i> Signature	26 <i>San Jose, Calif.</i> Signature	39 <i>San Jose, Calif.</i> Signature

Pacific Grove and Santa Cruz, California, stamps were accompanied by complete endorsements. The resulting space requirements caused such scrip to take the form of folded documents. In this way they resembled "prosperity checks," another popular depression-era device that created a circulating medium through the simple expedient of checks issued in round denominations that accumulated multiple endorsements as they passed from hand to hand.

Stamp scrip experiments also differed in who issued the scrip, and how. Sometimes the scrip was a liability of the municipality; other times it was sponsored by chambers of commerce and merchants' associations. In Michigan, the "Trade Dollars" of South Haven, Cadillac, and Howell were circulated like bonus coupons to promote consumer spending. In Oklahoma City, the stamp scrip of a group of retailers named the "Oklahoma Independents" sought to channel spending away from chain stores. More commonly, scrip issued by local public authorities funded work relief on local construction projects like the road work in Mason City, Iowa. Municipal stamp scrip had the advantage of being receivable for certain taxes and other public fees, and had a ready outlet in the form of wages paid to public employees. Scrip sponsored by businessmen worked better when the local retailers, utilities, and even banks agreed to accept it.

The stamp scrip of Evanston, Illinois, nicely illustrates an amalgam of motives. There, the Evanston Independent Retail Merchants Association (or EIRMA) began issuing "EIRMA money" in the summer of 1932 as a trade promotion that could only be spent at member stores. As EIRMA's executive secretary complained to Fisher, "the fact that chain stores take the money out of Evanston twice daily in steel trucks and do not bank in Evanston leaves us with a shortage in circulating U.S. money."⁸ By early 1933, EIRMA introduced a second scheme, now backed by a \$5,000 escrow deposit, whereby member mer-

Inside of One Dollar Trade Warrant of Santa Cruz required both a stamp and endorsement for each transaction.

(Courtesy Depressionscrip.com)



2009 SPMC



Awards Breakfast



Friday June 26, 2009
7:30 am

New place
New food

Watch the SPMC Website

www.spmc.org

For details



and Tom Bain Raffle



\$\$ money mart

Paper Money will accept classified advertising on a basis of 15¢ per word (minimum charge of \$3.75). Commercial word ads are now allowed. Word count: Name and address count as five words. All other words and abbreviations, figure combinations and initials count as separate words. No checking copies. 10% discount for four or more insertions of the same copy. Authors are also offered a free three-line classified ad in recognition of their contribution to the Society. These ads are denoted by (A) and are run on a space available basis. **Special: Three line ad for six issues = only \$20.50!**

HERE'S YOUR OPPORTUNITY!!!

YOUR WORD AD could appear right here in each issue of *Paper Money*. You could advertise your duplicates inexpensively, or advertise your Want List for only \$20.50 for three lines for an entire year. Don't wait. (PM)

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SMYTHE AUCTION CATALOGS INVENTORY, 50 issues 2003-2008, most Schingoethe Obsolete Sales, others, prices realized, list (including many titles), SASE, Sanford Durst, 106 Woodcleft Ave., Freeport, NY 11520 (264)

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EARLY NORTH AMERICAN ADVERTISING NOTES (Robert Vlack), Money "Lookalike" advertisements, 900 illustrations, 357 oversize pages, values, out/print, \$29.95, others, Sanford Durst, 106 Woodcleft Ave., Freeport, NY 11520 (264)

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WORLD NOTGELD 1914-1947 (Courtney Coffing), 60 countries, 400 pages, illustrated, color plates, 13,000 listings, values. Was \$35, now \$21.95, others, Sanford Durst, 106 Woodcleft Ave., Freeport, NY 11520 (264)

100 GREATEST AMERICAN Currency Notes (Bowers/Sundman) full color throughout, valuations, 140 oversized pages. Amazing, was \$30 now \$21.95, Sanford Durst, 106 Woodcleft Ave., Freeport, NY 11520 (264)

REGISTER OF THE CONFEDERATE Debt (Raphael Thian) 190 pages, classic reference, long out/print, Douglas Ball introduction, hardcover, scarce \$34.95, Sanford Durst, 106 Woodcleft Ave., Freeport, NY 11520 (264)

INTERESTED IN BUYING MISMATCHED serial number notes--with 2 or more numbers mismatched. Also, any information about mismatched serial numbers of this type is appreciated. Kevin Loneragan, Box 4234, Hamden, CT 06514 (262)

Wanted: Pre-1900 Notes from Liberia, Africa. Please email to mikej251@aol.com or write Michael S. Jones, PO Box 380129, Murdock, FL 33938-0129 (262)

WANT TO BUY Small Size Type I \$5.00 National Currency from the first National Bank of Hoopeston, Ill. Charter no. 2808. Large Size \$10.00 (1902-1908) Date Back from the Hoopeston National Bank of Hoopeston, Ill Charter no. 9425 and small size notes from The First National Bank of Milford, Ill Charter no. 5149. Write to Mike Fink, P.O. Box 177, Hoopeston, ILL 60942 (261)

The President's Column



The End is Near

SINCE I JUST RETURNED FROM FUN, LET me say that that headline has nothing to do with the state of the hobby. At the show, it seemed to me that while the economic downturn has caused the hobby to fall off some, it has not had the death-knell that many feared. The dealers I spoke with stated that while the show was quieter than last year, it was not as bad as they expected or had experienced at other shows.

It seems that the higher desirable material is still strong, but the more common material has fallen off. I heard that the coin end of FUN was weaker than the currency market and it did seem that the dealers with a lot of currency were busier than those with just coins. It will be interesting to see what has happened when this is read as it will be almost three months into the new year.

So, what does the headline mean? Well, just one more column and then my tenure as your President is over. It is hard to believe that four years has already come and gone. The next issue, my last as President, will prove to be a sappy, nearly tear-jerking remembrance and thanks for you and the hobby.

With that as bait, how about helping us out? Our elections are in June and four governor seats are up for sale (sorry Illini) re-election, and I am fairly sure two will not have incumbents. If you have a desire to see the hobby through what will surely be the upcoming difficult and uncertain times, consider running for a board seat. Remember this is your hobby and it needs you now. Also, if you are going to Memphis, the awards breakfast and Tom Bain raffle will be different this year—much improved, cheaper and in a new location. Watch for more information soon.

Benny

NJ TURNPIKE TOLL SCRIP from the 1950s-80s. Looking for any info on, and also looking to buy same. Send info or contact: PO Box 1203, Jackson, NJ 08527 or fivedollarguy@optonline.net Jamie Yakes, LM338 (PM)

LINCOLN PORTRAIT ITEMS. Collector desires bank notes, scrip, checks, CDVs, engraved/lithographed ephemera, etc. with images of Abraham Lincoln for book on same. Contact Fred Reed at P.O. Box 118162, Carrollton, TX 75051-8162 or freed3@airmail.net (264)

HUNDREDS OF PAPER MONEY MAGAZINES FOR SALE from before I became Editor back to 1960s & 1970s. I bought these filling sets. Fill your needs now. E-mail me freed3@airmail.net & I'll sell you what I got! (264)

WANTED: Notes from the State Bank of Indiana, Bank of the State of Indiana, and related documents, reports, and other items. Write with description (include photocopy if possible) first. Wendell Wolka, PO Box 1211, Greenwood, IN 46142 (264)

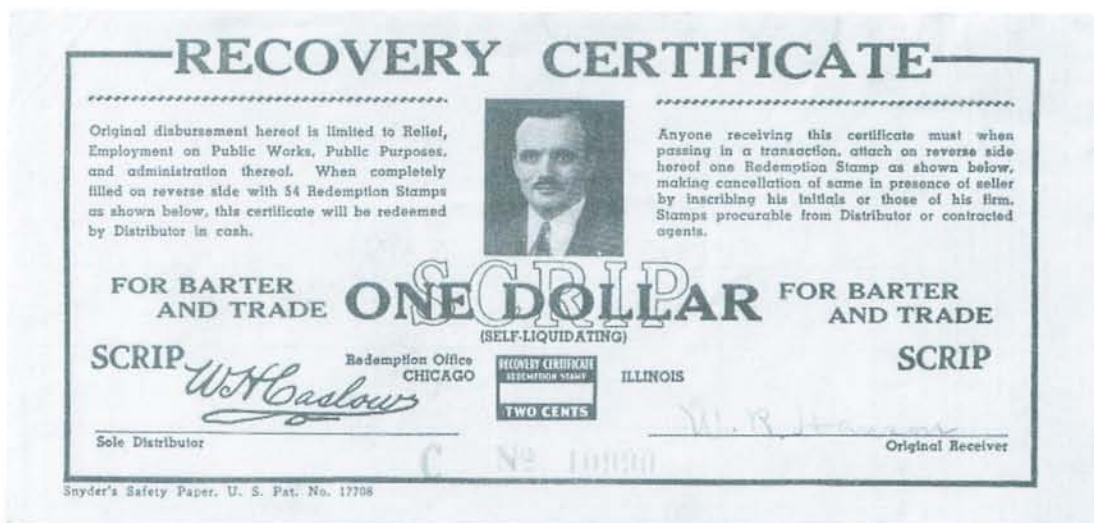


Salt Lake City, UT
 Trade Stimulus
 Certificate with sched-
 ule of depreciation on
 face and listing of mer-
 chants accepting the
 scrip on the back.

Address	Telephone
Airplane Service Station..... 1st St. and State.....	Was. 900
Amalgamated Carriers..... 145 South 5th E. Ave.....	Was. 3665
American Lady Tailors Co..... 1014 South State St.....	Was. 2005
Arden Ice Co..... 255 West South Temple.....	Was. 1254
Baker Motor Co., Fuel..... 279 East Broadway.....	Was. 2713
Bilston Gray Kinside Shop..... 26 Exchange Place.....	Was. 6700
Dressed Adjustment Bureau..... Melrose Building.....	Was. 5495
Bowling Advertising Co..... 225 East 4th South.....	Was. 1216
Camden Drug Co..... 300 South State St.....	Was. 1254
The Loeve Glass Co..... 111 East Broadway.....	Was. 700
Deppert Clothing & Dyeing Co..... 1118 Wilkes St.....	Was. 1424
Devoet's Cynamulm..... College Avenue.....	Was. 1424
Electrical Products Co..... 1118 Wilkes St.....	Was. 1424
Elmer Morris & Son Co..... 21 West South Temple.....	Was. 8000
Ellison's Flowers..... 50 East So. Temple.....	Was. 2220
Island B. Plant Co., Refrigerator..... 255 East Broadway.....	Was. 792
Crutcher Furniture Co..... 509 East 2nd St.....	Was. 670
Hildebrand Clothing Co..... 225 South Main St.....	Was. 1190
Intermountain Film Goods Co..... 1118 Wilkes St.....	Was. 1424
James Jewellers..... 11 South Main St.....	Was. 6413
John C. Naim, Life Insurance..... Walker Rock Building.....	Was. 1621
Kant Co., Paints & Decorations..... 155 Ramona Avenue.....	Was. 143
Kevin O'Brien, Inc..... 26 East Broadway.....	Was. 10
Keller & Tator, Auto Supplies..... 91 East 7th St.....	Was. 440
L. B. S. Business College..... 10 North Main St.....	Was. 1817
George J. Mark, Sign..... 51 West Office Bldg.....	Was. 2027
Miller's Florist..... 10 East Broadway.....	Was. 2009
Mullock Construction Co..... 255 East Broadway.....	Was. 2007
Nashua House, Cafeteria..... 4th St. and Main St.....	Was. 579
Deit C. Palmer Co., Hosiery..... 305 So. Main St.....	Was. 2340
Pine & Dixie Short Meat Works..... 273 Edison Street.....	Was. 2550
Hedman Van & Storage Co..... 136 South 4th West.....	Was. 1461
Royal Laundry..... 635 So. State St.....	Was. 2024
Safety Dishes Co..... 52 East 4th St.....	Was. 300
Stallard Press..... 275 Richards St.....	Was. 4091
Standard Fuel Co..... 69 So. Main St.....	Was. 600
Standard Market Co..... 320 So. Main St.....	Was. 72
Standard Market Co..... Community Market.....	Was. 729
Standard Market Co..... 516 East 6th South.....	Was. 729
Standard Market Co..... 259 East 1st South.....	Was. 729
Swales Studios, Photographers..... 201 Desert Bank Bldg.....	Was. 510
Urb. Typewriter Exchange..... 20 East 1st S.....	Was. 400
A. H. Welch Plumbing Co..... 1120 Second Ave.....	Was. 6900
W. E. Ware, Architect..... 619 W. 5th & Trust Bldg.....	Was. 772

California, noted "merchants were careless" in stamping, and scrip tended to collect in the till of the local newspaper, "which received loads of scrip in payment for advertising." Various Iowa towns that had followed the Hawarden example experienced similar problems. The chamber in Pella, Iowa, complained that after scrip "has been put into circulation the merchant generally bears all the burden, unless the general public will accept the scrip in change when shopping at the merchant's store." The town of Eldora reported its scrip circulating "very slowly." Merchants in Rock Rapids undermined their city's scrip plan by paying their scrip right back to the city for utility bills, instead of circulating it in the community. According to the mayor of Nevada, Iowa, the city clerk's office served as a clearing house to redistribute accumulations of scrip. Lexington, Nebraska's scrip was hobbled by the unwillingness of the town to buy stamps. In Russell, Kansas, businesses shifted the burden of stamping scrip to their employees by paying it out in wages, a practice that, according to the correspondent, "is a little hard to stop without making hard feelings."¹²

Stamp scrip experiments were successful as long as they remained on a small scale. Larger cities like St. Paul, Milwaukee, and Philadelphia looked into stamp scrip but, despite Fisher's entreaties, never put plans into effect.¹³ National legislation for stamp scrip, also pushed by Fisher, did appear briefly in Congress (the Bankhead-Pettengill Bill), but did not receive serious consideration. Some county governments and even state legislatures did authorize large issues of stamp scrip. Issues above a few hundred dollars per town were difficult to keep in general circulation, as the stamping requirement tended to channel scrip into the (relatively few) hands that would still receive it. Enid, Oklahoma,



RECOVERY CERTIFICATE Redemption Stamp TWO CENTS	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	WHEN ALL SPACES ARE FILLED 54 WORTH ONE DOLLAR

THIS CERTIFICATE IS OUT TO DO \$54.00 WORTH OF BUSINESS

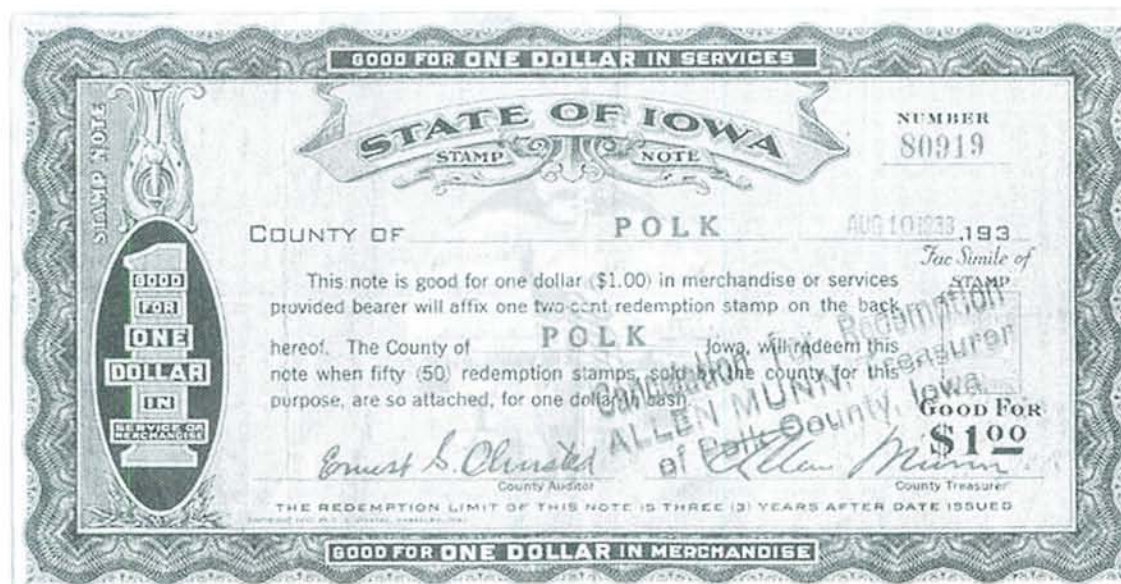
Caslow's Recovery Certificate plan failed due to an overissue.

managed to circulate and retire more than \$3,000 in stamp scrip, while Mason City, Iowa successfully redeemed a \$10,000 issue. As stamp scrip issues grew larger—Caslow's Recovery Certificates in Chicago, the county scrip of Iowa, and the Multnomah County scrip of Oregon—the problems of maintaining circulation mounted. These three experiences underscored the problems stamp scrip faced.

Winfield H. Caslow's Recovery Certificates began as an attempt to fight chain stores. As it succeeded, the energetic Caslow recruited large numbers of "scrippers" to push the use of scrip, in part so as to spend their own scrip salaries! While at its peak Caslow's scheme had put out nearly half a million dollars' worth of scrip, it foundered when Caslow found other things to spend his stamp revenues on besides the redemption of his notes.

Iowa's county stamp scrip came into being thanks to Charles Zylstra's legislative efforts. Polk County alone put out some \$125,000 in scrip notes. Yet merchants balked at this large amount. Under the law, the county treasurer had to accept all scrip, whatever the number of stamps. In turn, the county would disburse the scrip for salaries and relief work. The scrip would return to the county, and the cycle would continue. Since stamping was rendered ineffective, a bond issue was later floated to retire the scrip.

In Multnomah County, Oregon, stamp scrip was a resounding failure. Business resistance prevented all but \$52,000 of an authorized \$1 million issue from circulating. The county was enjoined by a state court from retiring the



scrip with a bond, and later redeemed it at pennies on the dollar.¹⁴

The single largest North American issue of stamp scrip occurred in Alberta, Canada, with predictable difficulties. As in Iowa, the fact that the government of Alberta made it easy to convert scrip into standard Canadian funds prevented the stamps from accumulating. In a twist on Gresham's Law, one observer noted "bad money [scrip] obviously does not drive out good money when the government is willing to redeem the bad money in good money."¹⁵

Polk County, Iowa Stamp Scrip
(Courtesy Depressionscrip.com)
and Multnomah County, OR "Self-
Liquidating Scrip."
(Courtesy Depressionscrip.com)

Conclusion

When it did work, American stamp scrip succeeded almost in spite of itself. Most of the time the experiences were disappointing, and further issues were avoided. Too many people had different ideas about what it could do to make a truly national scrip movement succeed. Financial and monetary events in the United States—the bank holiday of 1933, the abandonment of the gold standard shortly thereafter—overshadowed local currency experiments. Thereafter, federal funding of unemployment relief undercut the chief reason why people liked stamp scrip to begin with. Irving Fisher's fancy for stamp scrip received a brief hearing in Congress, but never caught on with the new Roosevelt Administration. His colleagues in the economic profession treated

stamp scrip as Fisher's eccentricity. The idea lived on, without Fisher's support, in California's "Ham and Eggs" initiatives of the late 1930s, which sought to link self-liquidating scrip to the provision of old-age pensions.¹⁶

After 1933, Fisher stopped promoting stamp scrip. While there was much that he liked about Roosevelt's monetary policies, Fisher did not support the New Deal, and his influence upon government policy was minor. After leaving the Iowa legislature, Charles Zylstra abandoned monetary experimentation and moved to Chicago, where he became a tax collector of the government's money instead of creator of his own; he died in 1946. Hans Cöhrssen lived until 1997, continuing to advocate the ideas of Gesell, which still remain alive in German monetary experiments in the present day.

Endnotes

1. The standard numismatic reference for Depression-era scrip generally remains Ralph A. Mitchell and Neil Shafer's *Standard Catalog of Depression Scrip in the United States* (Iola, WI: Krause Publications, 1984). Two earlier surveys of stamp scrip can be found in Vernon L. Brown's "Scrip and Other Forms of Emergency Currency Issued in the United States During the Depression Years of 1931-1934" (M.A. thesis, New York University 1941), and Joel William Canady Harper's "Scrip and Other Forms of Local Money" (Ph.D. dissertation, University of Chicago, 1948).
2. Silvio Gesell, *The Natural Economic Order* (London: Peter Owen, Ltd., 1958), esp. 265-362.
3. Sarah Elvins, "Scrip Money and Slump Cures: Iowa's Experiments with Alternative Currency during the Great Depression," *Annals of Iowa* 64 (Summer 2005), 221-245.
4. Irving Fisher, *Booms and Depressions* (New York: Adelphi Co., 1932), 142.
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If any of these board members or any other member of SPMC in good standing desires to run for one of these four board positions, he/she should contact President Benny Bolin immediately at smcbb@sbcglobal.net or by mail at 5510 Bolin Rd., Allen, TX 75002.

Biographies of the nominees and ballots (if necessary) for the election will be included in the May/June 2008 issue of *Paper Money*. The ballots will be counted at Memphis and announced at the SPMC general meeting held during the International Paper Money Show.

Any nominee, but especially first-time nominees, should send a portrait and brief biography to the Editor for publication in *Paper Money*. ❖

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Frank Clark
P.O. Box 117060
Carrollton, TX 75011

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12798 Charles Aronowitz (C), Website
12799 Robert Tormaschy (C), Jamie Yakes
12800 Steve Rush (C), Website

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The *BEST* currency designs?

Here are my choices

By John Gavel

IF YOU HAVE TRAVELED TO FOREIGN COUNTRIES YOU MAY APPRECIATE THAT "BEST" can mean the most recognizable as the currency of a certain country. Trying to buy an ice cream cone in Finland with Swedish money is a non-starter based on my personal experience. Then too, you run the risk of getting taken by mixing up the exchange rate in Puffins with that of Wampum. Considering that even the numerals may be in other than English, you want something to be in your favor.

This is just as true if you are at a currency show and going through a shoebox full of foreign notes. "Best" naturally would mean some eye catching vignette or portrait that would jump off the paper and say that this is Reuthanian currency. Unfortunately, this seems to be the exception rather than the rule based on my currency collection, standard catalogs and some real world experience. I would however, offer the following as best candidates in terms of recognition:



Can you identify what countries' currency these cut outs were taken from? If you can, then surely that country's designs are among the best. If you can't or misidentify one, well, in every race someone has to finish last. I tried to stick with faces rather than backs of bills, but may not have been totally successful...not from lack of desire but it is not always clear -- to me -- what is face and what is back on some foreign notes.

I gave only cut outs to level the playing field. After all, if the name of the country is given in English at the top of the note you might be unduly influenced by it! Before giving the answers, allow me to mention that I realized that some portraits do not help identify a note. Queen Elizabeth II appears on many notes of the British Commonwealth of Nations. Other persons are also popular such as Christopher Columbus and Simon Bolivar. While others are little known outside of their own country and their portrait is of little assistance.

To illustrate this, can you name the head of government shown on the following notes?



The first is His Majesty, Qaboos bin Said, Sultan of Oman, the second is the late Prime Minister of Israel, Golda Meir and the last is the late King Hussein of Jordan.

How about the following on the next page?



The first is King Faisal of Saudi Arabia; second is Ayatollah Khomeini of Iran; and the third is Saddam Hussein, formerly of Iraq.

The first is the late King Faisal of Saudi Arabia. You saw his picture more during the fuels crisis of the 1970s. His successor, the late King Khaled, apparently did not appear on any notes. The next King Faud does, looking a lot like King Faisal in dress and appearance. Next is the late ruler of Iran, Ruhollah ibn Mustafa Musawi Khomeini Hindi (meaning the Indian). Ibn means "son of" and Musawi would be his tribe. The name Khomeini was taken from the town where he was born. Two titles have been used for him, "Ayatollah," which is the title of a religious leader, but not the highest in Shi'i Islam. This was Khomeini's title at the time of the Iranian revolution, but he soon took the title "Imam," which is definitely the highest position in Shi'i Islam. We continued to know him as the Ayatollah however. He overthrew the Shah, Mohammed Reza Palavi who had succeeded his father the founder of the dynasty. Amongst other things the Shah had been accused of failing to enforce the laws of the Koran which prohibits the use of graven images. The last is, of course, the former president of Iraq, Saddam Hussein.

Now, to reveal the whole notes from which the excerpts at the top of the article were taken and name the country if the note does not do so itself in English on the side shown please turn page:

An Invitation from

The NEW HAMPSHIRE CURRENCY STUDY Project

Q. DAVID BOWERS and **DAVID M. SUNDMAN** are involved in a long-term project to describe the history of all currency issued in the State of New Hampshire, as well as to compile a detailed registry of all known notes (whether for sale or not). Our area of interest ranges from early colonial times through the Revolutionary era, the state-chartered bank years (1792-1866), and the era of National Banks (1863-1935). This will result in a book under the imprimatur of the Society of Paper Money Collectors, with help from the New Hampshire Historical Society, the Smithsonian Institution, and others.

Apart from the above, David M. Sundman is president of Littleton Coin Company and Q. David Bowers is a principal of American Numismatic Rarities, LLC, and both advertisers in the present book. For other commercial transactions and business, refer to those advertisements.



The authors of the present book, holding a rare Series of 1902 \$10 National Bank Note from West Derry, New Hampshire.



A typical NH Obsolete Note, this from the Winchester Bank.

A Series of 1882 \$10 Brown Back from the Winchester National Bank.



This same building was used for the Winchester Bank and its successor, the Winchester National Bank.



Teller window circa 1910, Winchester National Bank

If you have New Hampshire currency or old records or correspondence relating to the same, or other items of historical interest, please contact us. In addition, Bowers and Sundman are avid collectors of these bills and welcome contact from anyone having items for sale. We will pay strong prices for any items we need!

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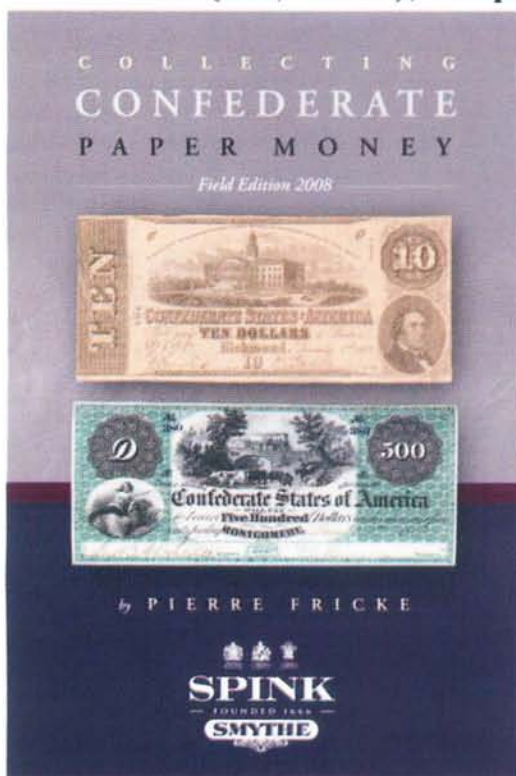


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John Law

and the coming of paper money to France

By Hal Hopson

John Law (illustration courtesy of
The Historic New Orleans
Collection)



THE YEAR WAS 1715, AND LOUIS XIV, KING OF FRANCE, had just died leaving behind a legacy of war, court grandeur, a huge national debt and a five-year-old grandson heir to the Bourbon throne of France. On an early autumn day of that year at the *Palais Royale* in the fashionable Paris neighborhood of *Faubourg du St. Honore*, a servant announced the arrival of John Law. The principal occupant of the palace complex was the Duke of Orleans. The duke had been appointed regent to the former king's heir. As regent the duke was in effect the king of France until the child reached maturity.

One of the more dissolute men of France, the duke saw in the smooth talking John Law a possible solution to France's looming bankruptcy. John Law and the duke had probably first met at a gaming establishment. There, the duke had been impressed with Law's adroitness at calculating odds. In subsequent conversations the duke had become intrigued with Law's views on finance and had invited him to the palace for further discussion. He now awaited Law's entrance with anticipation.

The son of a well to do Scottish banker, John Law had left London under a cloud when as a young man he killed another man in a duel. Law, convicted of murder, was able to flee to the continent. Law had gone on to dabble in economics and finance, publishing several articles and books on the subject. Although making his living as a gambler, Law used years he spent in Venice and Holland to arrive at some interesting financial theories. In an age when economists tied a country's fiscal well being to a favorable balance of trade and a favorable supply of gold and silver (*specie*) John Law had arrived at somewhat different conclusions.

Law postulated that the scarcity (or abundance) of goods was the chief determining factor in a country's economic

well being. Law looked on trade and the available supply of specie as secondary tools at best in creating more goods. What was needed was a better means of creating goods. Law felt paper money was the dominant factor in any solution to increase goods. In addressing the problem Law paraphrased an earlier Italian writer, Bernardo Davazanti. Using diamonds and water to illustrate, Law stated the former has great exchange value but no practical use, while the latter has no exchange value but has great practical use. In Law's illustration, diamonds were the goods and large amounts of water (paper money) were what was needed to produce more of them.

Paper money was not new to Europe. Seven European countries were making cautious use of paper money before Law arrived in France. France had no paper money. Law saw the introduction of paper money to France as the key to solving its financial dilemma. Reasoned Law: the more paper money France had in circulation, the more credit; the more credit, the more trade; the more trade, the more goods. It was Law's opinion these factors would ripple out from each other and lead to a prosperous economy. Central to Law's thesis was his belief an increase in the money supply would stimulate both the production of more goods and more tax revenues.

Law further believed that forming a publicly traded colonial development stock company would further stimulate the economy. To accomplish

“For Law, his ‘System,’ as he termed his plan, would allow him to prove once and for all time that his ideas on finance were sound.”

anything, however, the country's money supply must be controlled by a central bank. If managed properly the end result of these joint entities would be a boom economy and the elimination of France's huge national debt.

Unfortunately John Law had never been in a position to test his theories. A still handsome forty-four year old, possessing a razor sharp intellect and at the peak of his powers of persuasion, Law brought his plan with him this day. The plan, if it worked, would enable the duke to go back to his spoiled and corrupt life style without the constant worry of administering to a bankrupt France and the nagging problem of incipient revolution. For Law, his “System,” as he termed his plan, would allow him to prove once and for all time that his ideas on finance were sound.

After what must have been an interesting conversation the duke agreed to Law's proposal to form a large private bank as a first phase of the “System.” The bank was chartered as the *Banque General* with Law as the hands-on director. Law's bank began on a sound enough basis issuing the new paper currency as redeemable in specie on demand. The bank was capitalized at six million livres (the silver livre tournois was the basic unit of monetary exchange in France at the time) through the sale of 1,200 shares valued at 5000 livres each. Law required the bank to maintain specie on hand in the amount of the paper currency it issued.

Despite an attempt to cause the bank to fail by supporters of the crown's jealous minister of finance, the bank proved an immediate success especially when coupled with reforms to the tax collecting system instigated by Law. Tax collectors were known as tax farmers and received a percentage

of all the revenues they could squeeze from hapless tax payers! France speedily underwent a major improvement in its economy. Within the first year of the bank's founding, Law's paper money had gained not only the confidence of the duke but, more importantly, of the public.

By 1718 the start up *Banque General* had proved so successful that Law was able to convince his benefactor to allow the formation of a national bank, the *Banque Royale*. Law was again made director. The crown guaranteed the new bank's notes. No doubt reinforced by his success with the *Banque General*, and in accordance with his theories, Law dispensed with the requirement to maintain specie in the amount of the paper notes the new bank placed in circulation. Initially the bank was a big success and the introduction of the crown-backed notes stimulated the public confidence as trade rose and interest rates fell.

Due to his banking successes Law was able to implement phase two of his "System." With the malleable duke's blessing, Law created a colonial development company that would become popularly known as the Mississippi Company because its holdings included most of the lands in North America drained by the Mississippi River (all or part of thirteen present day American states and two Canadian provinces). The new company was charged with reviving France's moribund Louisiana colony which had languished for years under private ownership. It helped that public interest had recently been revived because of widespread rumors of great riches to be found there. This new company was chartered as the *Compagnie de la Louisiane ou d'Occident*, and its shares traded publicly. Law was appointed director.

Law next expanded his trade designs by combining the Mississippi project with France's foreign trade in Africa, China and the East Indies. Law was granted a new charter with the combining name *Compagnie des Indes*. To the public, however, the new company remained the Mississippi Company because its efforts remained largely focused on the development of its holdings in North America. Around this time Law was made the controller for the crown and given *carte blanche* by the duke in almost all financial matters. Thus by 1720,

A surreal scene from a Paris newspaper of the time illustrating a gathering of Europeans and Indians in Louisiana (illustration courtesy of The Historic New Orleans Collection)



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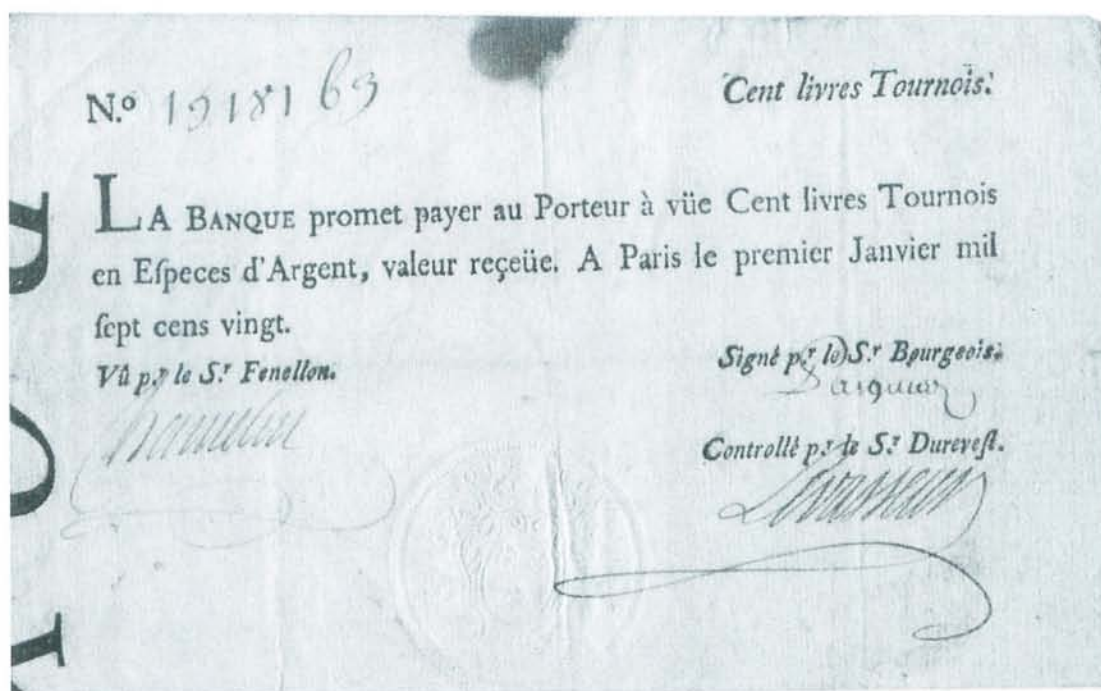
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1720 100 Livre note issued by the Banque Royale

John Law, the foreigner, not only controlled France's money supply but all of its colonial development and foreign trade! Law's enemies in the government, and he had many, had been muzzled to this point by his successes.

To make the Mississippi Company go Law pulled out all the stops. He created a public stock offering of the company's shares for 500 livres per share. The stock guaranteed a fantastic 40% annual return. At the same time Law flooded Europe with promotional material offering free transportation to Louisiana where vast opportunities to get rich awaited intrepid colonists. Some newspapers of the time poured oil on the fire by claiming that "....gold lies for

“John Law has often been cast as a villain, with personal gain his motive for the ruinous financial ‘System’ he implemented in France.”

the taking on the beaches of Louisiana, pearls practically jump from the oysters into one's pocket and the indigenous native American Indians are so grateful to their European benefactors that they work for free!” As such fanciful rumors intensified about Louisiana's wealth so did interest in the Mississippi Company's stock.

The mob scenes that ensued played out before the company's office on *Rue Quincampoix* in the heart of Paris's financial district. They defy adequate description. The street itself had to be guarded by soldiers to maintain order among the huge crowds that gathered both by day and into the night. To prevent riots the street often had to be closed. Trading was so fast and furious on

jam packed *Rue Quincampoix* that a hunchback was reputed to have made a living renting out his back for speculators to use as a portable desk to sign documents!

Continued wild rumors of Louisiana riches further fueled the frenzied buying and selling of the company's stock. The original shares were trading for upwards of 10,000 livres in a very short time. Incredibly, within the first year of issue, the Mississippi Company's per share trading price ratcheted up even further to an astronomical 18,000 livres. At the height of the buying and selling frenzy, servants dispatched to *Rue Quincampoix* to buy their employers' shares in the company seized the opportunity to resell them the same day for huge profits. It was not uncommon to learn that servants who had been dispatched on foot by their employers for *Rue Quincampoix* returned to their employer by carriage. There they announced their resignation as they embarked on their new found wealthy life style! During this period the word *millionaire* entered the world's lexicon.

Unfortunately for John Law, the rise in stock prices outpaced the company's capitalization. When investors began large scale profit taking by selling off their shares the company was thrown into bankruptcy. The whole scheme became known as the Mississippi Bubble. With public confidence waning in John Law there followed a run on the *Banque Royale* with depositor and creditor alike demanding specie for their paper livres. Hyper inflation caused Law to roll the presses to issue more unbacked paper money which only produced more inflation. The *Banque Royale's* paper livres became virtually worthless.

A desperate attempt to head off the run by outlawing private ownership of specie failed as well. The national bank failed. France was nearly ruined. Thousands of investors were ruined. The duke was barely able to get Law out of the country alive. That the duke was able to keep his own head and stave off the financial crisis his actions had brought about through his endorsement of Law's "System" is another story. Because of Law's financial flop the word "*banque*" fell from usage in France for nearly eighty years. It would be nearly a century before paper money would reappear in France. And, although it was miraculously delayed for sixty-nine years, the table had been set for France's revolution.

John Law has often been cast as a villain, with personal gain his motive for the ruinous financial "System" he implemented in France. One must consider, however, that at no time did Law avail himself of numerous opportunities to convert his paper earnings into specie and spirit them out of the country as some government officials did. It can also be safely stated that Law's attempts to manage the country's money supply through his central bank presaged the United States Federal Reserve System by two hundred years. John Law eventually settled in Venice where he died in 1729 a forgotten man of modest means. ❖

THE MISSISSIPPI BUBBLE.

JOHN LAW'S ORIGINAL SUB-TREASURY SCHEME.

NEW-ORLEANS, March 1.—Several of the statesmen in Congress are claiming to be the originators of the so-called "Sub-Treasury bill." While there is no credit in being the author of such a scheme, it may be as well to give its origin and its evil effects when first put into operation.

This wild scheme originated with that great green-goods financier John Law. He had endeavored, as history states, to establish his banking schemes in several European capitals, and failed, and finally established a faro bank in Paris. When the Minister of Police expelled him from France with the curt statement, "That Scot is too expert at faro, the game he has introduced here," Law headed for Louisiana—the New-France. He had received a concession of twenty square miles of land on the Mississippi River, about fifty miles above New-Orleans, and brought over two hundred families to colonize it. However, at this juncture the imbecile Duke of Orleans succeeded Louis XIV. as Regent of France, and over him Law had gained such influence as to establish the "Mississippi Company," popularly known as the "Mississippi Bubble." This was in 1717. The Province of Louisiana, or New-France, was flooded with notes of Law's National Bank of France, which were issued without regard to any basis of redemption, as were Confederate notes during the late rebellion. Interest at the rate of 25 and 30 per cent. was promised, and the shares in his Mississippi Company advanced from par to away out of sight.

This Sub-Treasury scheme of the "Mississippi Bubble" was: "To issue notes, either in the way of loan at ordinary interest upon landed security, provided the debt should not exceed half, or at most two-thirds, of the value of the lands, or upon land pledges, redeemable within a certain period, to the full value of the land; or, lastly, upon irredeemable sales to the amount of the price agreed upon." Law ingeniously argued "that paper money thus issued would be equal in value to gold and silver coin of the same denomination, and might be even preferred to those metals, as not being, like them, liable to fall in value."

But these notes did fall in value, and fell heavily, and the great financier, narrowly escaping hanging by the legislative mob, fled to Venice and died in poverty.

The bursting of this bubble financially wrecked the colonists and temporarily stopped the further colonization of Louisiana. Notwithstanding this severe lesson it was again tried in Louisiana a little more than one hundred years after, and with considerable success—for the engineers of the scheme. In 1827 and in 1833 Law's identical plan was revived in the organization of "The Citizen's Bank," and the "Consolidated Association of the Planters of Louisiana." Money was loaned by the bank to the farmers to the value of the lands. As "boom" prices were put upon the lands, when the day of redemption came there was a financial cyclone.

New York Times March 2, 1891

Will last type notes surface?

WHEN I BECAME INTERESTED IN PAPER money, about fifty years ago, there wasn't a lot of published reference material available. The Friedberg catalog was about all we had to inform us of federal issue types. Many of the notes that are included and illustrated in today's catalogs were unknown at the time. Over the intervening years nearly all of them have surfaced as discovery notes.

I recall when the Alaska territorial national surfaced and was shopped around at one of the early Memphis shows. I think the asking price was \$10,000, a great bargain price in retrospect. I also remember when the \$100 Value Back on the Canal Commercial Bank of New Orleans, a unique type note at the time, came on the market via John Hickman. Other great nationals surfaced slowly over the years, such as the Hawaiian large size nationals from other than the Honolulu bank, all of the missing territorials and many unique national bank notes. They will continue to show up so I do not include

them on the list of "no shows" to date. We do know what they looked like and have illustrations from proofs at least. However, no actual note has been seen.

Besides nationals, a number of



It occurs to me...

Steve Whitfield

very rare type notes were finally discovered, such as early Civil War era interest bearing notes of the higher denominations. Several 1863 \$20 gold certificates were found, and Gene Hessler introduced us to many pattern notes that were never adopted for use in his great book on essays. Small type notes for various signature or year varieties have been eagerly reported by collectors to the point where I consider those note lists complete. And various authors have done thorough treatments of Confederate and southern states material.

In other categories of paper money, missing MPC replacement notes, fractional rarities and outstanding obsolete bank notes have surfaced as great collections were broken up and sold. These included the Western Reserve Historical Collection, John Ford's holdings, the American Bank Note Co. sales and the Schingoethe hoard currently under way. Many of the states also have thorough note coverage in the SPMC Wismer series and various other publications.

So, after fifty years of watching development of the hobby and its reference materials, I conclude that everything has been reported, or shown up in various collections, except for two notes. The first is the \$1,000 First Charter National Bank note. The second is the \$100,000 1934 series Gold Certificate. I did hear rumors a while back that a foreign government was going to release its copy of the \$100,000 note but nothing since. And as far as that elusive \$1,000 First Charter National, I'm still waiting for one to show up. There has to be at least one survivor. So, look in those abandoned safe deposit boxes as they are auctioned off. I'm convinced there's one in there somewhere. PS; if anyone has one of these, please let us know. ❖

The Editor's Notebook

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Privatized money issues

SOME READERS MAY HAVE NOTICED A THEME resonating in several of the articles in this issue of *Paper Money*. Authors Peter Huntoon, Loren Gatch, Hal Hopson, and yours truly each write about the money of hard times. Generally, when we collectors think about money issues in times of economic stress, we instinctively turn to the Hard Times period and the Civil War era. Both produced an outpouring of money issues as the public and private institutions attempted to keep the economic balls in the air, so to speak.

I've been particularly interested in the Civil War financial turmoil, and have spent a good deal of my life investigating, mulling over and writing about its permutations. BUT . . . as these articles prove, *moneta in extremis* is more repetitive than the 1830s and 1860s. The FRBNs, Depression stamp scrip, Mississippi Bubble inflation, and today's homegrown local bills all are methods of pumping money into commerce.

The tug of public and private money is of much interest to collectors. We amass colonial tokens, merchant scrip, Hard Times tokens, depression notes, and even territorial gold if our purses admit -- all private money issues. Both obsolete bank notes AND Federal Reserve Notes are created, privatized money. From where I sit, our country's history is tied to the working out of the power of the purse. It still is 24/7.

To me, the central contest of the mid-19th century was the centralization of power and the money prerogative. The feds grabbed the money prerogative. I have written about this repeatedly in my *Bank Note Reporter* column. Then Congress gave away the money power to private interests and declared their notes a legal tender. Both money issue and monetary policy are directed by the Federal Reserve. Bankers pull strings and tax payers jump. What comes after trillion?

"Permit me to issue and control the money of a nation, and I care not who makes its laws," banking dynasty founder Mayer Amschel Rothschild believed. Presidents from Madison to Jackson to Lincoln to Garfield to Wilson agreed.

My brain is not facile enough to comprehend our current economic plight. It freezes up like when I've eaten ice cream too quickly. But one thing my collection of paper money teaches me is that when debt outstrips productive resources currency fails. My Federal Reserve Notes are worth a nickel compared to those first FRNs that my grandfather spent, . . . a dime compared to those in my dad's pockets. The essential difference between FRNs and BerkShares is that accepting one is compulsory, the other voluntary. Maybe the U.S. is too sophisticated to string zeroes on its bills like other foundering currencies, but when my children's future dollar purchases as little as my cent today, something will give I fear. ❖

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